

CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2016



Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

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INTRODUCTORY SECTION



THE CITY OF
UNION CITY
GEORGIA

February 15, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of
the City of Union City, Georgia:

State law requires that all general-purpose local governments publish for the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Union City, Georgia for the fiscal year ended August 31, 2016.

This report consists of management's representations concerning the finances of the City of Union City, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Union City, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Union City, Georgia's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Union City, Georgia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Union City, Georgia's financial statements have been audited by Mauldin & Jenkins, LLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Union City, Georgia for the fiscal year ended August 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Union City, Georgia's financial statements for the fiscal year ended August 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement (MD&A) and should be read in conjunction with it. The City of Union City, Georgia's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Union City was incorporated August 17, 1908, and was named for the Farmer's Union whose national headquarters was located in the area. Since that time, the City's population has grown to its current population of approximately 20,501. The City is located in North Central Georgia on Interstate 85 in South Fulton County, the largest county in the State of Georgia. Approximately 15 miles south of downtown Atlanta, Union City is only 5 miles from Hartsfield-Jackson International Airport and is part of the metropolitan statistical area as designated by the Bureau of Census; a small town America within the sphere of downtown Atlanta, home of the 1996 Olympic Games.

The City of Union City, Georgia, operates under a Mayor and Council-Chief Administrative Officer form of government. The Chief Administrative Officer is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The Chief Administrative Officer has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

Services provided by the City under general governmental functions include finance, human resources, information technology, police and fire protection, economic development, public services, recreation services and administrative services to the citizens. In addition, water and sewer services, solid waste collection and disposal services, and criminal justice management are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

City Management reviewed all potential component units to determine if any should be included in these financial statements and has concluded that the South Fulton Municipal Regional Jail Authority is a component unit that should be included in the financial statements.

The annual budget is the financial plan for the operation of the City for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. The City adopts an annual budget no later than the beginning of each fiscal year. The Chief Administrative Officer and the Finance Director are required to prepare and submit a budget to the Council for review and adoption. The budget is accompanied by a message from the Chief Administrative Officer containing a statement of general fiscal policies of the City, the important features of the budgets, explanations of the major changes recommended for the next fiscal year, a general summary of the budgets, and such other comments and information as may be deemed pertinent. The Council may approve, reject, or modify the proposed budget and shall adopt the final budget by ordinance no later than August 31. Upon recommendation of the Chief Administrative Officer and approval of the Mayor and Council, the City may make interfund or interdepartmental transfers in the current operating or capital improvements budgets at any regular or special meeting called for such purpose, provided funds are available. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.

Annual budgets are adopted for the General Fund, Debt Service Funds, and Special Revenue Funds. Capital Projects Funds have legal budgets adopted on a total project basis rather than an annual basis. Annual operating budgets are prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. The legal level of budgetary control is the fund level. Increases in the total appropriations of a fund, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among funds, require the recommendation of the Chief Administrative Officer and approval of the Mayor and Council. Appropriations lapse at year-end except those for capital projects which are accounted for in future periods as "fund balance reserved for construction" until the appropriation is expended or the project completed.

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2016, by the Mayor and Council.

Financial Position and Future Prospects

Union City, like most cities, has been hit hard by the recession. Due to the economy, the City was placed in a difficult financial position in fiscal year 2014 and was forced to make tough decisions including an increase in its millage rate and reductions in staff. The City is carefully managing its budget by monitoring expenditures of funds and reviewing revenue projections.

Union City has a distinctive blend of new and established business clusters that are strategically designed to succeed. The digest reflects this diversification with 73.7% commercial; 12.4% industrial and 13.8% residential. Over 87% of businesses located in Union City are in the services or retail trade sector. This is, in part, due to the existence of numerous services and retail establishments located along Georgia Highway 138 and 29.

Union City has gained the attention of top businesses from around the country. Over the past few years, the growing economic base has manifested in the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution Ecommerce facility, Amazon, and Atlanta Metro Studios of Union City. Due to the booming entertainment industry in the State, Union Station, an obsolete mall, is now being repurposed into one of our state's largest film studios. The economic impact of the movie industry in Georgia is \$6 billion. This development will allow the city the opportunity to create a niche market for film induced tourism which is one of the fastest growing markets in the industry. Having one of the largest movie studios in the state located in Union City provides a seat at the table in becoming a destination of choice for both film and entertainment.

The City works diligently to enhance job growth and to promote business stability. Incentives such as the Tax Allocation District (TAD) proposed a 600-acre mixed-use development that helps focus on redevelopment and local infrastructure improvements. With the district's parallel position and access to I-85, it is a strong candidate for major businesses and industrial investments. The City also maintains the Opportunity Zone designation to attract businesses by promoting job tax credits up to \$3,500 per job created. Businesses are able to utilize this credit against their Georgia Income Taxes and may claim excess credit against their withholding taxes. Recently, Union City received a federal designation as a Georgia Foreign Trade Zone (GFTZ) which helps businesses remain competitive, reducing processing fees, custom fees and enhancing the movement of goods in a global marketplace. With these incentives, Union City continues to maintain a solid yet distinctive blend of business clusters that are strategically designed to succeed. Land availability and location advantages, such as the interstate and close proximity to Hartsfield-Jackson International Airport, present Union City with an opportunity distinct to South Fulton County. These resources have enabled the City to capture development, both commercial and residential.

Federal and State Grants

The City has made a significant investment in applying for federal and state awards which use Federal and State dollars to benefit its citizens. In fiscal year 2016, Union City received grants used for additional police equipment, personnel, street paving and resurfacing.

Awards & Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Union City for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended August 31, 2015. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are pleased to present the City's fifteenth Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our current CAFR continues to meet the program's requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Fillingame', with a large, stylized flourish at the end.

Sonja Fillingame
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Union City
Georgia**

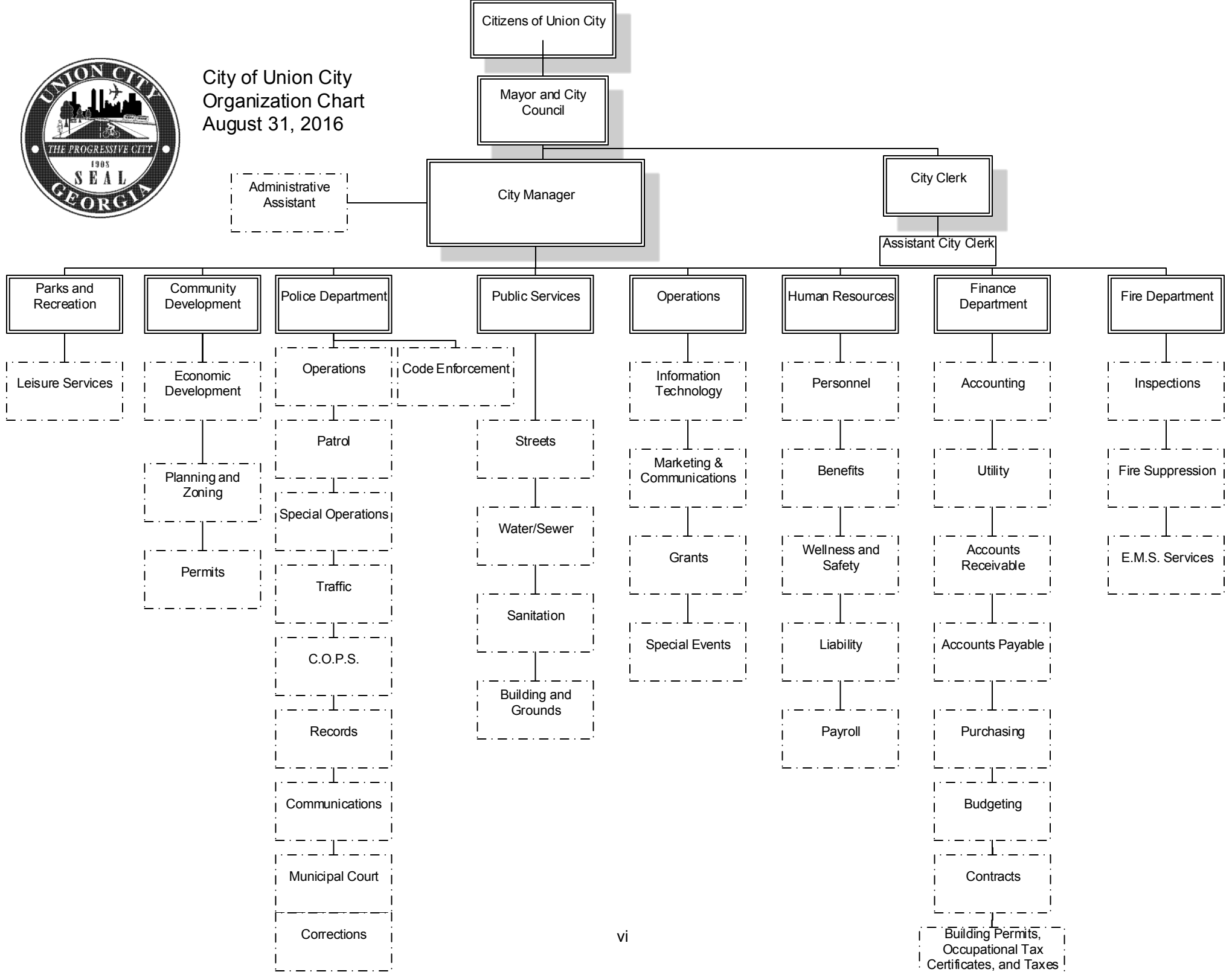
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO



City of Union City
Organization Chart
August 31, 2016



CITY OF UNION CITY, GEORGIA

PRINCIPAL OFFICIALS AUGUST 31, 2016

Elected Officials

Vince Williams, Mayor

City Council

Brian K. Jones
Angelette Mealing
Christina Hobbs
Shayla Nealy

Appointed Officials

City Manger

La Sonja Filligame

City Clerk

Jacqueline Cossey

Chief of Police

Cassandra Jones

Chief of Fire Administration

Joe Maddox

Director of Public Services

Lonnie Ferguson

Director of Community Development

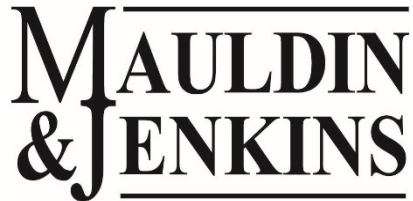
Vacant

Directors

Finance Director

Tarsha Calloway

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Union City, Georgia**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions on pages 63 and 64 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules and the statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the City of Union City, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the City of Union City, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
February 15, 2017

CITY OF UNION CITY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Union City, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$23,405,545 (net position).
- The City's total net position increased by \$4,706,655 or 25%.
- As of the close of the current fiscal year, the City's governmental activities reported ending net position of \$12,441,458 an increase of \$4,567,444 from the prior year.
- The City's General Fund reported a positive fund balance of \$10,423,604 which represents 75% of the current years expenditures.
- General Fund results were \$3,597,171 better than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, community services, recreation, and economic development.

The business-type activities of the City include water and sewer, sanitation, and criminal justice management.

The government-wide financial statements include not only the City itself (known as the primary government), but also the South Fulton Municipal Regional Jail Authority. This is a legally separate entity that is a component unit of the City due to the significance of its operational or financial relationship with the City. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The City's government-wide financial statements are presented on pages 14 and 15.

Reporting the City's Most Significant Funds

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the city as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into three broad categories, namely, (1) governmental funds, (2) proprietary funds, and (3) debt service funds.

Governmental Funds

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 16 - 19.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in fund net position and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds and Internal Service Funds.

The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, the balances and activities accounted for in the City's Enterprise Funds are also reported in the business-type activities columns of the government-wide financial statements.

The City presents in separate columns Enterprise Funds that are most significant to the City and all other Enterprise Funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 20 - 23.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 14 and 15):

City of Union City's Net Position August 31, 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 14,954,520	\$ 11,685,031	\$ 7,051,633	\$ 6,534,056	\$ 22,006,153	\$ 18,219,087
Capital assets, net	15,071,421	15,543,474	15,910,848	16,707,425	30,982,269	32,250,899
Total assets	<u>30,025,941</u>	<u>27,228,505</u>	<u>22,962,481</u>	<u>23,241,481</u>	<u>52,988,422</u>	<u>50,469,986</u>
Deferred outflow s of resources	<u>2,576,579</u>	1,586,710	<u>178,189</u>	102,198	<u>2,754,768</u>	1,688,908
Other liabilities	9,008,600	7,803,560	2,755,820	2,612,166	11,764,420	10,415,726
Long-term liabilities outstanding	<u>11,022,775</u>	12,631,453	<u>9,408,076</u>	9,859,629	<u>20,430,851</u>	22,491,082
Total liabilities	<u>20,031,375</u>	<u>20,435,013</u>	<u>12,163,896</u>	<u>12,471,795</u>	<u>32,195,271</u>	<u>32,906,808</u>
Deferred inflow s of resources	<u>129,687</u>	506,188	<u>12,687</u>	47,008	<u>142,374</u>	553,196
Net position:						
Net investment in capital assets	5,049,949	3,531,201	7,209,006	7,991,837	12,258,955	11,523,038
Restricted	2,040,997	2,088,414	1,834,024	1,970,454	3,875,021	4,058,868
Unrestricted	5,350,512	2,254,399	1,921,057	862,585	7,271,569	3,116,984
Total net position	<u>\$ 12,441,458</u>	<u>\$ 7,874,014</u>	<u>\$ 10,964,087</u>	<u>\$ 10,824,876</u>	<u>\$ 23,405,545</u>	<u>\$ 18,698,890</u>

Financial Position

The total net position of the City increased \$4,706,655 or 25%, from \$18,698,890 to \$23,405,545 as noted in the table above. The increase is primarily the result of better than budgeted balances in the General fund and managements emphasis on generating reserves for future projects and any potential downturns in the economy.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Net Position August 31, 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 3,583,841	\$ 3,225,649	\$ 10,100,193	\$ 9,202,096	\$ 13,684,034	\$ 12,427,745
Operating grants and contributions	29,930	113,940	-	-	29,930	113,940
Capital grants and contributions	545,682	386,851	-	-	545,682	386,851
General revenues:						
Property taxes	8,747,818	7,656,577	-	-	8,747,818	7,656,577
Sales taxes	5,079,836	5,051,758	-	-	5,079,836	5,051,758
Franchise taxes	1,364,897	1,200,932	-	-	1,364,897	1,200,932
Other taxes	1,596,425	1,532,936	-	-	1,596,425	1,532,936
Unrestricted investment earnings	33,119	13,001	22,317	-	55,436	13,001
Total revenues	<u>20,981,548</u>	<u>19,181,644</u>	<u>10,122,510</u>	<u>9,202,096</u>	<u>31,104,058</u>	<u>28,383,740</u>
Expenses:						
General government	2,424,138	2,468,658	-	-	2,424,138	2,468,658
Judicial	444,132	383,138	-	-	444,132	383,138
Public safety	9,852,273	8,941,842	-	-	9,852,273	8,941,842
Public works	2,329,099	2,005,906	-	-	2,329,099	2,005,906
Parks and recreation	522,901	473,370	-	-	522,901	473,370
Economic development	684,237	710,296	-	-	684,237	710,296
Interest on long-term debt	221,368	512,928	-	-	221,368	512,928
Water and Sewer	-	-	7,692,033	7,137,318	7,692,033	7,137,318
Sanitation	-	-	1,493,200	1,063,063	1,493,200	1,063,063
Stormwater	-	-	734,022	1,685,368	734,022	1,685,368
Total expenses	<u>16,478,148</u>	<u>15,496,138</u>	<u>9,919,255</u>	<u>9,885,749</u>	<u>26,397,403</u>	<u>25,381,887</u>
Increase (decrease) in net position before transfers	<u>4,503,400</u>	<u>3,685,506</u>	<u>203,255</u>	<u>(683,653)</u>	<u>4,706,655</u>	<u>3,001,853</u>
Transfers	<u>64,044</u>	<u>59,591</u>	<u>(64,044)</u>	<u>(59,591)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>4,567,444</u>	<u>3,745,097</u>	<u>139,211</u>	<u>(743,244)</u>	<u>4,706,655</u>	<u>3,001,853</u>
Net position, beginning of year	<u>7,874,014</u>	<u>4,128,917</u>	<u>10,824,876</u>	<u>11,568,120</u>	<u>18,698,890</u>	<u>15,697,037</u>
Net position, end of year	<u><u>\$ 12,441,458</u></u>	<u><u>\$ 7,874,014</u></u>	<u><u>\$ 10,964,087</u></u>	<u><u>\$ 10,824,876</u></u>	<u><u>\$ 23,405,545</u></u>	<u><u>\$ 18,698,890</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

As noted in the table on the preceding page, governmental revenues increased \$1,799,904 or 9.38%. The more significant increases were property taxes which increased \$1,091,241 or 14.25% as a result of increases in assessed values and more commercial development. Charges for services increased \$358,192 or 11% as a result of increases in building permits. Franchise taxes increased \$163,965 or 13.65% as a result of general improvements in the economy.

In total, governmental expenses increased \$982,010 or 6.34% over the prior year. Public safety expenses increased \$910,431 or 10.18% as a result of filling vacant police positions. Public works expenses increased \$323,193 or 16.11% as a result of increased activity on road and sidewalk projects.

Business-Type Activities

Net position for business-type activities increased \$139,211 or 1.29%. The Water and Sewer fund reported a decrease in net position of \$38,232; the Criminal Justice Management Fund had a decrease in net position of \$66,649; the Stormwater fund had an increase in net position of \$81,639; and the Sanitation fund had an increase in net position of \$162,453.

The Water and Sewer fund had net operating income of \$1,651,758; \$1,701,316; and \$1,134,383 for 2016, 2015 and 2014, respectively. The improvement in operating income for 2015 is attributable to additional commercial customers added in 2015; in addition, fiscal 2014 water purchases included a \$231,000 settlement of a prior year balance. The Water and Sewer fund continues to bear non-operating expenses for obligations under an intergovernmental agreement with the South Fulton Regional Water Authority to fund the repayment of construction bonds for alternative water and sewer resources. These obligations were \$1,555,865; \$1,566,108; and \$1,543,382 for 2016, 2015 and 2014, respectively. (See Note 14, page 58).

The Criminal Justice Management fund had net operating income (losses) of (\$66,649); \$124,667; and \$195,123 for 2016, 2015 and 2014, respectively. The losses for fiscal 2016 are attributable to major repair work required on the facility. Because of continuing losses prior to 2013, the City ceased operating the facility. Beginning August 2013, the jail facility is being leased to the Fulton County Sheriff's department on a monthly basis.

The Stormwater Fund had net operating income (losses) of \$213,930; (\$805,063); and \$816,405 for 2016, 2015 and 2014 respectively. Losses for 2015 are attributable to a major repair along Shannon Parkway.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City manages the billing and collection of revenues for its Sanitation customers, and outsources the collection and disposal of garbage to a private vendor for both residential and commercial customers. The City's goal in the process is to, at a minimum, break even and attempt to maintain a level retained earnings balance in order to refrain from having to transfer funds into the Sanitation activities from other sources. This is a service that the City provides to its residents which aides residents further by controlling and maintaining the lowest cost for these services, as opposed to allowing a private vendor to take over the entire process and expose residents to garbage fees that could be inflated for profit reasons. The Sanitation Fund had net income before transfers of \$279,753; \$214,519; and \$197,174 for 2016, 2015 and 2014, respectively.

Financial Analysis of the City's Funds

As noted earlier, the City of Union City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on page 16, were \$12,665,644. This balance represents an increase of \$3,534,643 or 38.71% from last year's ending balance. The tables below reflect changes in governmental fund balances.

City of Union City's Governmental Fund Balance August 31, 2016

	2016	2015	\$ Change	% Change
General Fund	\$ 10,423,604	\$ 6,826,433	\$ 3,597,171	52.69 %
Other Governmental Funds	2,242,040	2,304,568	(62,528)	(2.71)
Total Governmental Fund Balance	<u>\$ 12,665,644</u>	<u>\$ 9,131,001</u>	<u>\$ 3,534,643</u>	<u>38.71</u>

As noted in the table on the following page, excess (deficiency) of revenues over (under) expenditures prior to other financing sources in the Governmental Funds was \$3,470,599 as compared to \$3,599,712 in the prior year. Governmental revenues increased \$1,390,482 or 7.10%. Property taxes increased \$681,821 or 8.45% due to increases in property values and additional commercial development within the city. Licenses and permits increased \$214,707 or 10.53% and franchise fees increased \$163,965 or 13.65% as a result of general improvements in the economy. Fines and forfeitures increased \$88,706 or 13.8% consistent with increases in police staffing.

Overall governmental expenditures increased \$1,519,597 or 9.5%. General government expenses increased \$429,875 or 19.97% because of significant increases in property and liability insurance as well as workers compensation insurance along with other general increases in expenses. Public safety expenses increased \$444,354 or 5.1% as a result filling vacant positions. Public works expenses increased \$214,767 or 13.55% because of increased activity on road and sidewalk projects. Capital outlay increased \$332,017 or 82.38% as bond funds are depleted. Debt service principal and interest increased \$148,021 (11.29%) and \$76,673 (27.36%), respectively, because of refinancing of certain debt had principal and interest reductions in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Governmental Fund Balance August 31, 2016

	2016	2015	\$ Change	% Change
Revenues				
Property taxes	\$ 8,751,035	\$ 8,069,214	\$ 681,821	8.45 %
Other taxes	6,676,261	6,584,694	91,567	1.39
Charges for services	481,364	464,498	16,866	3.63
Licenses and permits	2,252,917	2,038,210	214,707	10.53
Intergovernmental	575,612	500,791	74,821	14.94
Franchise fees	1,364,897	1,200,932	163,965	13.65
Fines and forfeitures	730,864	642,156	88,708	13.81
Interest revenue	33,119	13,001	20,118	154.74
Rental income	18,346	20,311	(1,965)	(9.67)
Other revenue	100,350	60,474	39,876	65.94
Total revenues	<u>20,984,765</u>	<u>19,594,281</u>	<u>1,390,484</u>	<u>7.10</u>
Expenditures				
Current:				
General government	2,582,460	2,152,585	429,875	19.97
Judicial	357,346	298,711	58,635	19.63
Public safety	9,155,803	8,711,449	444,354	5.10
Public works	1,799,620	1,584,853	214,767	13.55
Parks and recreation	384,182	359,452	24,730	6.88
Planning and economic development	684,237	710,296	(26,059)	(3.67)
Capital outlay	735,032	403,015	332,017	82.38
Debt service				
Principal (net of refunding)	1,458,601	1,310,580	148,021	11.29
Interest	356,885	280,212	76,673	27.36
Bond issuance costs	-	183,416	(183,416)	-
Total expenditures	<u>17,514,166</u>	<u>15,994,569</u>	<u>1,519,597</u>	<u>9.50</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,470,599</u>	<u>3,599,712</u>	<u>(129,113)</u>	<u>(3.59)</u>
Other financing sources				
Premium on bonds issued	-	525,671	(525,671)	
Bond proceeds	-	8,560,000	(8,560,000)	
Payment to bond escrow agent	-	(8,902,255)	8,902,255	
Net transfers	64,044	59,591	4,453	
Total other financing sources	<u>64,044</u>	<u>243,007</u>	<u>(178,963)</u>	
Net change in fund balance	<u>\$ 3,534,643</u>	<u>\$ 3,842,719</u>	<u>\$ (308,076)</u>	<u>8.02 %</u>

The City of Union City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Union City's business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated \$17,613,300 of revenues to cover expenditures of \$15,275,157 and net transfers out of \$2,338,143. Actual results were \$3,597,171 better than projected.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 19.

- For the General Fund, the actual revenues were \$2,092,553 better than the final budget. Revenues were budgeted at \$17,613,300 and actual revenues were \$19,705,853. Property taxes were \$1,056,035 better than budgeted due to increases in property values and additional development. Other taxes and franchise taxes were \$254,253 and \$203,297, respectively, better than budgeted due to improvements in the local economy. Licenses and permits were \$594,917 better than budgeted due to significant increases in business licenses and building permits. Fines and forfeitures were (\$114,136) less than budgeted due to vacant police positions.
- Actual expenditures of \$13,837,333 were \$1,437,824 less than the budgeted amount of \$15,275,157 as management reduced expenses in order to build reserves. General government expenditures were \$823,587 better than budgeted primarily because a contingency budget of \$659,650 was not utilized. Public safety expense was \$428,808 better than budgeted because of vacancies in the police and fire departments.

Capital Asset and Debt Administration

Capital Assets

The City has invested \$30,982,269 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

**City of Union City's Capital Assets, net of Accumulated Depreciation
August 31, 2016**

	Governmental Activities		Business -type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 691,851	\$ 691,851	\$ 493,194	\$ 493,194	\$ 1,185,045	\$ 1,185,045
Construction in progress	847,728	1,115,150	-	-	847,728	1,115,150
Buildings, grounds and improvements	6,199,197	6,477,914	9,473,798	9,853,313	15,672,995	16,331,227
Machinery and equipment	288,748	319,008	46,923	18,310	335,671	337,318
Infrastructure	6,012,542	5,912,977	752,886	798,643	6,765,428	6,711,620
Intangibles	-	-	5,064,275	5,489,249	5,064,275	5,489,249
Vehicles	1,031,355	1,026,574	79,772	54,716	1,111,127	1,081,290
Total	\$ 15,071,421	\$ 15,543,474	\$ 15,910,848	\$ 16,707,425	\$ 30,982,269	\$ 32,250,899

The detailed schedule capital assets are reported in Note 5 of the financial statements.

Total capital asset additions for 2016 were \$525,189 compared to \$393,752 in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$10,024,983 and \$9,950,000 for business type activities. All debt is 100% backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources and Water and Sewer bonds are secured by related revenues.

In 2012, the City issued Water and Sewer revenue bonds of \$11,275,000 for operations and renewal and extension activities. Moody's Investors Service has assigned a rating of "A2" on the 2012 Water and Sewer bonds

The Citizens of the City approved the 2006 Bond Referendum in March of 2006 for \$12,575,000 which required an increase in the property tax millage by 2 mills. The additional property tax revenue collected from the increase in the millage rate will be used to repay the 2006 Series Bonds. In September 2014, the City issued series 2014 general obligation bonds to partially refund series 2006 bonds.

The debt position of the City is summarized below and is more fully analyzed in Note 6 of the financial statements.

City of Union City's Outstanding Long-Term Liabilities August 31, 2016

	Governmental Activities		Business -type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds backed by property taxes	\$ 9,740,000	\$ 11,110,000	\$ -	\$ -	\$ 9,740,000	\$ 11,110,000
Revenue bonds	-	-	9,490,000	9,950,000	9,490,000	9,950,000
Note payable	-	-	-	-	-	-
Capital lease	284,983	373,584	-	-	284,983	373,584
	<u>\$ 10,024,983</u>	<u>\$ 11,483,584</u>	<u>\$ 9,490,000</u>	<u>\$ 9,950,000</u>	<u>\$ 19,514,983</u>	<u>\$ 21,433,584</u>

Economic Factors and Next Year's Budgets and Rates

Union City, like most cities, has been hit hard by the recession. Due to the economy, the City was placed in a difficult financial position and was forced to make tough decisions. However, over the past few years, the growing economic base has manifested in the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution Ecommerce facility, Amazon, and Atlanta Metro Studios of Union City. Millage rates for property taxes will remain at 15.692 mills for the fiscal year 2017.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department (770) 964-2288, City Hall, 5047 Union Street, Union City, Georgia 30291.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF NET POSITION
AUGUST 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	South Fulton Municipal Regional Jail Authority
ASSETS				
Cash and cash equivalents	\$ 13,601,118	\$ 2,192,442	\$ 15,793,560	\$ 1,164,011
Investments	105,733	320,710	426,443	-
Taxes receivable	120,619	-	120,619	-
Accounts receivable, net of allowances	11,975	2,321,167	2,333,142	-
Internal balances	-	-	-	-
Due from other governments	467,810	-	467,810	293,350
Due from others	110,895	1,661	112,556	-
Inventory	12,061	24,649	36,710	-
Prepaid expenses	524,309	-	524,309	-
Restricted assets:				
Cash and cash equivalents	-	2,080,233	2,080,233	-
Investments	-	110,771	110,771	-
Capital assets:				
Nondepreciable	1,539,579	493,194	2,032,773	286,986
Depreciable, net of accumulated depreciation	13,531,842	15,417,654	28,949,496	7,450,259
Total assets	<u>30,025,941</u>	<u>22,962,481</u>	<u>52,988,422</u>	<u>9,194,606</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	900,768	74,050	974,818	-
Pension investment return	442,153	29,731	471,884	-
Pension contributions subsequent to measurement date	790,987	74,408	865,395	-
Deferred charges on refunding	442,671	-	442,671	-
Total deferred outflows of resources	<u>2,576,579</u>	<u>178,189</u>	<u>2,754,768</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,047,654	817,213	2,864,867	51
Accrued liabilities	167,470	84,134	251,604	159,869
Unearned revenues	31,411	-	31,411	1,140,000
Due to other governments	71,891	-	71,891	-
Customer deposits payable	-	962,599	962,599	-
Due to component unit	-	293,350	293,350	-
Capital leases due within one year	91,729	-	91,729	-
Capital leases due in more than one year	193,254	-	193,254	-
Bonds payable due within one year	1,135,000	470,000	1,605,000	305,000
Bonds payable due in more than one year	9,044,160	8,909,531	17,953,691	12,150,000
Claims payable due within one year	235,546	-	235,546	-
Compensated absences due within one year	323,086	28,545	351,631	-
Net pension liability	6,690,174	598,524	7,288,698	-
Total liabilities	<u>20,031,375</u>	<u>12,163,896</u>	<u>32,195,271</u>	<u>13,754,920</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	129,687	12,687	142,374	-
Total deferred inflows of resources	<u>129,687</u>	<u>12,687</u>	<u>142,374</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,049,949	7,209,006	12,258,955	3,982,245
Restricted				
Law enforcement	195,956	-	195,956	-
Economic development	418,163	-	418,163	-
Debt service	327,562	1,458,486	1,786,048	-
Capital outlay	1,099,316	-	1,099,316	-
Customer deposits	-	375,538	375,538	-
Unrestricted	5,350,512	1,921,057	7,271,569	(8,542,559)
Total net position	<u>\$ 12,441,458</u>	<u>\$ 10,964,087</u>	<u>\$ 23,405,545</u>	<u>\$ (4,560,314)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit South Fulton Municipal Regional Jail Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,424,138	\$ 2,378,255	\$ -	\$ -	\$ (45,883)	\$ -	\$ (45,883)	\$ -
Judicial	444,132	61,063	-	-	(383,069)	-	(383,069)	-
Public safety	9,852,273	1,036,884	29,930	-	(8,785,459)	-	(8,785,459)	-
Public works	2,329,099	19,066	-	545,682	(1,764,351)	-	(1,764,351)	-
Parks and recreation	522,901	58,800	-	-	(464,101)	-	(464,101)	-
Planning and economic development	684,237	29,773	-	-	(654,464)	-	(654,464)	-
Interest on long-term debt	221,368	-	-	-	(221,368)	-	(221,368)	-
Total governmental activities	<u>16,478,148</u>	<u>3,583,841</u>	<u>29,930</u>	<u>545,682</u>	<u>(12,318,695)</u>	<u>-</u>	<u>(12,318,695)</u>	<u>-</u>
Business-type activities:								
Water and sewerage	7,692,033	7,445,937	-	-	-	(246,096)	(246,096)	-
Sanitation	1,493,200	1,706,304	-	-	-	213,104	213,104	-
Stormwater	734,022	947,952	-	-	-	213,930	213,930	-
Total business-type activities	<u>9,919,255</u>	<u>10,100,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,938</u>	<u>180,938</u>	<u>-</u>
Total primary government	<u>\$ 26,397,403</u>	<u>\$ 13,684,034</u>	<u>\$ 29,930</u>	<u>\$ 545,682</u>	<u>(12,318,695)</u>	<u>180,938</u>	<u>(12,137,757)</u>	<u>-</u>
Component units:								
South Fulton Municipal Regional Jail Authority	\$ 732,661	\$ 783,252	\$ -	\$ -	-	-	-	50,591
Total component units	<u>\$ 732,661</u>	<u>\$ 783,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,591</u>
General revenues:								
Property taxes					8,747,818	-	8,747,818	-
Sales taxes					5,079,836	-	5,079,836	-
Insurance premium tax					1,121,467	-	1,121,467	-
Alcoholic beverage taxes					21,220	-	21,220	-
Other taxes					453,738	-	453,738	-
Franchise taxes					1,364,897	-	1,364,897	-
Unrestricted investment earnings					33,119	22,317	55,436	65
Transfers					64,044	(64,044)	-	-
Total general revenues and transfers					<u>16,886,139</u>	<u>(41,727)</u>	<u>16,844,412</u>	<u>65</u>
Change in net position					<u>4,567,444</u>	<u>139,211</u>	<u>4,706,655</u>	<u>50,656</u>
Net position, beginning of year					<u>7,874,014</u>	<u>10,824,876</u>	<u>18,698,890</u>	<u>(4,610,970)</u>
Net position, end of year					<u>\$ 12,441,458</u>	<u>\$ 10,964,087</u>	<u>\$ 23,405,545</u>	<u>\$ (4,560,314)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 11,152,800	\$ 2,448,318	\$ 13,601,118
Investments	105,733	-	105,733
Taxes receivable, net	82,166	38,453	120,619
Accounts receivable, net	-	11,975	11,975
Due from other governments	412,530	55,280	467,810
Due from others	110,895	-	110,895
Inventory	12,061	-	12,061
Due from other funds	195,100	-	195,100
Prepaid expenditures	359,139	165,170	524,309
Total assets	<u>\$ 12,430,424</u>	<u>\$ 2,719,196</u>	<u>\$ 15,149,620</u>
LIABILITIES			
Accounts payable	\$ 1,837,489	\$ 210,165	\$ 2,047,654
Accrued liabilities	113,046	-	113,046
Unearned revenue	31,411	-	31,411
Due to others	-	71,891	71,891
Due to other funds	-	195,100	195,100
Total liabilities	<u>1,981,946</u>	<u>477,156</u>	<u>2,459,102</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	24,874	-	24,874
Total deferred inflow of resources	<u>24,874</u>	<u>-</u>	<u>24,874</u>
FUND BALANCES			
Nonspendable:			
Inventory	12,061	-	12,061
Prepaid expenditures	359,139	165,170	524,309
Restricted for:			
Law enforcement	-	195,956	195,956
Economic development	-	418,163	418,163
Other capital projects	-	1,099,316	1,099,316
Debt service	-	327,562	327,562
Assigned to:			
Public safety - jail	-	195,745	195,745
Unassigned	10,052,404	(159,872)	9,892,532
Total fund balances	<u>10,423,604</u>	<u>2,242,040</u>	<u>12,665,644</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,430,424</u>	<u>\$ 2,719,196</u>	

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.	15,071,421
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	24,874
Deferred refunding charges are not financial resources and, therefore, are not reported in the funds.	442,671
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(4,685,953)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,077,199)</u>
Net position of governmental activities	<u>\$ 12,441,458</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals Governmental Funds</u>
Revenues			
Property taxes	\$ 8,751,035	\$ -	\$ 8,751,035
Other taxes	6,222,523	453,738	6,676,261
Charges for services	232,313	249,051	481,364
Licenses and permits	2,252,917	-	2,252,917
Intergovernmental	-	575,612	575,612
Franchise taxes	1,364,897	-	1,364,897
Fines and forfeitures	730,864	-	730,864
Interest revenue	32,608	511	33,119
Rental income	18,346	-	18,346
Other revenues	100,350	-	100,350
Total revenues	<u>19,705,853</u>	<u>1,278,912</u>	<u>20,984,765</u>
Expenditures			
Current:			
General government	2,582,460	-	2,582,460
Judicial	357,346	-	357,346
Public safety	8,514,937	640,866	9,155,803
Public works	1,328,545	471,075	1,799,620
Parks and recreation	384,182	-	384,182
Planning and economic development	568,073	116,164	684,237
Capital outlay	-	735,032	735,032
Debt service:			
Principal	88,601	1,370,000	1,458,601
Interest	13,189	343,696	356,885
Total expenditures	<u>13,837,333</u>	<u>3,676,833</u>	<u>17,514,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,868,520</u>	<u>(2,397,921)</u>	<u>3,470,599</u>
Other financing sources (uses)			
Transfers in	587,165	2,672,967	3,260,132
Transfers out	<u>(2,858,514)</u>	<u>(337,574)</u>	<u>(3,196,088)</u>
Total other financing sources (uses)	<u>(2,271,349)</u>	<u>2,335,393</u>	<u>64,044</u>
Net change in fund balances (deficit)	<u>3,597,171</u>	<u>(62,528)</u>	<u>3,534,643</u>
Fund balances, beginning of year	<u>6,826,433</u>	<u>2,304,568</u>	<u>9,131,001</u>
Fund balances, end of year	<u>\$ 10,423,604</u>	<u>\$ 2,242,040</u>	<u>\$ 12,665,644</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 3,534,643
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(472,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,217)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,458,601
Some expenses 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.	<u>49,470</u>
Change in net position of governmental activities	<u>\$ 4,567,444</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 7,695,000	\$ 7,695,000	\$ 8,751,035	\$ 1,056,035
Other taxes	5,968,000	5,968,000	6,222,523	254,523
Charges for services	244,000	244,000	232,313	(11,687)
Licenses and permits	1,658,000	1,658,000	2,252,917	594,917
Franchise taxes	1,161,600	1,161,600	1,364,897	203,297
Fines and forfeitures	845,000	845,000	730,864	(114,136)
Interest revenue	10,000	10,000	32,608	22,608
Rental income	16,500	16,500	18,346	1,846
Other revenues	15,200	15,200	100,350	85,150
Total revenues	<u>17,613,300</u>	<u>17,613,300</u>	<u>19,705,853</u>	<u>2,092,553</u>
Expenditures:				
Current:				
General government:				
City clerk	196,866	224,083	223,810	273
Finance	625,096	625,096	509,962	115,134
City administrator	328,838	328,838	322,348	6,490
Mayor and council	178,588	178,588	142,706	35,882
Human resources	387,749	399,304	394,655	4,649
Operations	1,792,185	1,650,138	988,979	661,159
Total general government	<u>3,509,322</u>	<u>3,406,047</u>	<u>2,582,460</u>	<u>823,587</u>
Judicial:				
Municipal court	363,752	363,752	357,346	6,406
Public safety:				
Police	4,920,167	4,920,167	4,818,249	101,918
Fire	4,023,578	4,023,578	3,696,688	326,890
Total public safety	<u>8,943,745</u>	<u>8,943,745</u>	<u>8,514,937</u>	<u>428,808</u>
Public works:				
Buildings and grounds	1,480,050	1,480,050	1,328,545	151,505
Planning and economic development	<u>500,219</u>	<u>568,778</u>	<u>568,073</u>	<u>705</u>
Parks and recreation	<u>410,345</u>	<u>410,995</u>	<u>384,182</u>	<u>26,813</u>
Debt service	<u>101,789</u>	<u>101,790</u>	<u>101,790</u>	<u>-</u>
Total expenditures	<u>15,309,222</u>	<u>15,275,157</u>	<u>13,837,333</u>	<u>1,437,824</u>
Excess of revenues over expenditures	<u>2,304,078</u>	<u>2,338,143</u>	<u>5,868,520</u>	<u>3,530,377</u>
Other financing sources (uses)				
Transfers in	520,590	520,590	587,165	66,575
Transfers out	(2,824,668)	(2,858,733)	(2,858,514)	219
Total other financing sources (uses)	<u>(2,304,078)</u>	<u>(2,338,143)</u>	<u>(2,271,349)</u>	<u>66,794</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>3,597,171</u>	<u>\$ 3,597,171</u>
Fund balance, beginning of year			<u>6,826,433</u>	
Fund balance, end of year			<u>\$ 10,423,604</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016**

ASSETS	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,281,596	\$ 129,431	\$ 781,415	\$ 2,192,442
Investments	320,710	-	-	320,710
Accounts receivable, net of allowances	1,683,679	388,411	249,077	2,321,167
Inventory	24,649	-	-	24,649
Due from others	1,492	-	169	1,661
Restricted assets				
Cash and cash equivalents	2,080,233	-	-	2,080,233
Investments	110,771	-	-	110,771
Total current assets	<u>5,503,130</u>	<u>517,842</u>	<u>1,030,661</u>	<u>7,051,633</u>
NONCURRENT ASSETS				
Nondepreciable	493,194	-	-	493,194
Depreciable, net of accumulated depreciation	14,557,105	860,549	-	15,417,654
Total noncurrent assets	<u>15,050,299</u>	<u>860,549</u>	<u>-</u>	<u>15,910,848</u>
Total assets	<u>20,553,429</u>	<u>1,378,391</u>	<u>1,030,661</u>	<u>22,962,481</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	68,883	-	5,167	74,050
Pension investment return	27,111	-	2,620	29,731
Pension contributions subsequent to measurement date	69,990	-	4,418	74,408
Total deferred outflows of resources	<u>165,984</u>	<u>-</u>	<u>12,205</u>	<u>178,189</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	669,592	-	147,621	817,213
Accrued liabilities	27,731	-	2,632	30,363
Compensated absences	26,848	-	1,697	28,545
Due to component unit	-	-	293,350	293,350
Payable from restricted assets:				
Customer deposits payable	962,599	-	-	962,599
Revenue bonds payable - current portion	470,000	-	-	470,000
Accrued interest on bonds payable	53,771	-	-	53,771
Total current liabilities	<u>2,210,541</u>	<u>-</u>	<u>445,300</u>	<u>2,655,841</u>
NONCURRENT LIABILITIES				
Revenue bonds payable - net of unamortized discounts and current portion	8,909,531	-	-	8,909,531
Net pension liability	560,766	-	37,758	598,524
Total noncurrent liabilities	<u>9,470,297</u>	<u>-</u>	<u>37,758</u>	<u>9,508,055</u>
Total liabilities	<u>11,680,838</u>	<u>-</u>	<u>483,058</u>	<u>12,163,896</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	11,969	-	718	12,687
Total deferred inflows of resources	<u>11,969</u>	<u>-</u>	<u>718</u>	<u>12,687</u>
NET POSITION				
Net investment in capital assets	6,348,457	860,549	-	7,209,006
Restricted				
Debt service	1,458,486	-	-	1,458,486
Customer deposits	375,538	-	-	375,538
Unrestricted	844,125	517,842	559,090	1,921,057
Total net position	<u>\$ 9,026,606</u>	<u>\$ 1,378,391</u>	<u>\$ 559,090</u>	<u>\$ 10,964,087</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Charges for services	\$ 6,758,461	\$ 947,952	\$ 1,621,238	\$ 9,327,651
Tap fees	114,400	-	-	114,400
Other charges	573,076	-	85,066	658,142
Total operating revenues	<u>7,445,937</u>	<u>947,952</u>	<u>1,706,304</u>	<u>10,100,193</u>
OPERATING EXPENSES				
Water purchases	2,321,451	-	-	2,321,451
Purchased or contracted services	2,660,882	672,940	1,493,200	4,827,022
Depreciation expense	811,846	61,082	-	872,928
Total operating expenses	<u>5,794,179</u>	<u>734,022</u>	<u>1,493,200</u>	<u>8,021,401</u>
Operating income	<u>1,651,758</u>	<u>213,930</u>	<u>213,104</u>	<u>2,078,792</u>
NONOPERATING EXPENSES				
Interest income	22,317	-	-	22,317
Interest expense	(341,989)	-	-	(341,989)
Intergovernmental agreement	(1,555,865)	-	-	(1,555,865)
Total nonoperating expenses	<u>(1,875,537)</u>	<u>-</u>	<u>-</u>	<u>(1,875,537)</u>
Income (loss) before transfers	(223,779)	213,930	213,104	203,255
TRANSFERS				
Transfers in	185,547	-	-	185,547
Transfers out	-	(132,291)	(117,300)	(249,591)
Total transfers	<u>185,547</u>	<u>(132,291)</u>	<u>(117,300)</u>	<u>(64,044)</u>
Change in net position	(38,232)	81,639	95,804	139,211
NET POSITION, beginning of year	<u>9,064,838</u>	<u>1,296,752</u>	<u>463,286</u>	<u>10,824,876</u>
NET POSITION, end of year	<u>\$ 9,026,606</u>	<u>\$ 1,378,391</u>	<u>\$ 559,090</u>	<u>\$ 10,964,087</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 7,080,364	\$ 1,160,374	\$ 1,595,083	\$ 9,835,821
Payments to suppliers	(4,269,132)	(822,301)	(1,536,611)	(6,628,044)
Payments to employees	(680,161)	-	-	(680,161)
Net cash provided by operating activities	<u>2,131,071</u>	<u>338,073</u>	<u>58,472</u>	<u>2,527,616</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on intergovernmental agreement	(1,555,865)	-	-	(1,555,865)
Transfers	185,547	(132,291)	(117,300)	(64,044)
Net cash used in noncapital financing activities	<u>(1,370,318)</u>	<u>(132,291)</u>	<u>(117,300)</u>	<u>(1,619,909)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(76,351)	-	(76,351)
Principal paid on bonds	(460,000)	-	-	(460,000)
Interest paid	(331,824)	-	-	(331,824)
Net cash used in capital and related financing activities	<u>(791,824)</u>	<u>(76,351)</u>	<u>-</u>	<u>(868,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(14,778)	-	-	(14,778)
Interest and dividends received	22,317	-	-	22,317
Net cash provided by investing activities	<u>7,539</u>	<u>-</u>	<u>-</u>	<u>7,539</u>
Change in cash and cash equivalents	(23,532)	129,431	(58,828)	47,071
Cash and cash equivalents:				
Beginning of year	3,385,361	-	840,243	4,225,604
End of year	<u>\$ 3,361,829</u>	<u>\$ 129,431</u>	<u>\$ 781,415</u>	<u>\$ 4,272,675</u>
Classified as:				
Cash and cash equivalents	\$ 1,281,596	129,431	\$ 781,415	\$ 2,192,442
Restricted assets, cash	2,080,233	-	-	2,080,233
	<u>\$ 3,361,829</u>	<u>\$ 129,431</u>	<u>\$ 781,415</u>	<u>\$ 4,272,675</u>

(Continued)

CITY OF UNION CITY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income to net cash provide by operating activities:				
Operating income	\$ 1,651,758	\$ 213,930	\$ 213,104	\$ 2,078,792
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	811,846	61,082	-	872,928
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(365,573)	212,422	(110,534)	(263,685)
Increase in due from others	(1,492)	-	(169)	(1,661)
Decrease in inventory	3,374	-	-	3,374
Increase (decrease) in accounts payable	33,299	(53,788)	(44,773)	(65,262)
Increase in accrued liabilities	1,746	-	514	2,260
Decrease in due to other funds	-	(95,573)	-	(95,573)
Decrease in advances from other funds	(98,183)	-	-	(98,183)
Decrease in due to component unit	-	-	(518)	(518)
Increase in customer deposits	83,673	-	-	83,673
Increase in net pension liability	10,623	-	848	11,471
Net cash provided by operating activities	<u>\$ 2,131,071</u>	<u>\$ 338,073</u>	<u>\$ 58,472</u>	<u>\$ 2,527,616</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AUGUST 31, 2016

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 24,203
Total assets	<u>\$ 24,203</u>
LIABILITIES	
Due to others	\$ 24,203
Total liabilities	<u>\$ 24,203</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF UNION CITY, GEORGIA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Union City, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. The Financial Reporting Entity

The City was incorporated on August 17, 1908 and operates under an elected Mayor and Council-City Manager form of government. The City Manager is appointed by and serves at the pleasure of the City Council. As such, she is responsible for the day-to-day operations of city government. The legislative branch of the City is vested in the Mayor and four Council members. The City provides the following services and operations as authorized by its charter: public safety (police and fire); planning and engineering; code enforcement; street maintenance; traffic control; solid waste collection and disposal; water and sewerage; parks and recreation; community development; and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, a legally-separate entity for which the City is financially accountable.

Based upon criteria set forth by GASB Statement 14 and as amended by GASB Statement 39 and 61, the City was determined to have the following component unit as of August 31, 2016:

South Fulton Municipal Regional Jail Authority (the “Authority”). The Authority is responsible for the operations of the South Fulton Municipal Regional Justice Center, which provides services to the City as well as other municipalities and governmental agencies in the geographical area. The Board of Directors of the Authority consists of five members, three of which are appointed by the City. The City has the ability to impose its will on the Authority and the Authority is therefore reported in a separate column as a discretely presented component unit in the City’s government-wide financial statements to emphasize that it is legally separate from the City. Separate financial statements are not available.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 instead 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 and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, however, grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 City reports the following major proprietary funds:

The **Water and Sewerage Fund** accounts for the operations of the City operated water distribution system, sewerage treatment plant, sewerage pumping stations and collection systems. All activities necessary to provide such services are accounted for in this fund.

The **Stormwater Fund** accounts for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Funds** account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Debt Service Funds** account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Agency Fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sanitation functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. 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 *non-operating* 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 enterprise funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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.

D. Budgets and Budgetary Accounting

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

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council at the annual retreat.
3. Public hearings on the proposed budget are held in May and June.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

4. The budget is legally adopted by the Mayor and City Council prior to August 31.
5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$250,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

A budget was not adopted for the Inmate Welfare Fund due to the City's anticipation that there would not be any revenues or expenses relating to inmate welfare during the fiscal year.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

F. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1").

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

The investment in the Georgia Fund 1, created by OCGA 36-83-8, represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

G. Prepaid Items

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of August 31.

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net position. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net position as "internal balances". In the fund level balance sheets, these receivables and payables are classified as "due from other funds" and "due to other funds". Items that are more long-term in nature are reflected as advances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 initial, individual cost of \$5,000 and an estimated useful life in excess of one year. 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. The City has retroactively reported major general infrastructure assets. In this case, the City chose to include all items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended August 31, 2016, there was no capitalized interest.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings, grounds and improvements	15 - 40 years
Machinery and equipment	3 - 10 years
Infrastructure	15 - 50 years
Vehicles	5 - 10 years
Distribution system	50 years

K. Long-Term Liabilities

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 deferred charges, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

L. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the pension items discussed below, the City has one additional item that qualifies for reporting in this category. The item is the deferred charge on refunding and is reported in the government wide statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item in addition to the pension items discussed below, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred inflows of resources.

M. Inventories

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories are stated at average cost. The consumption method is used to account for inventories.

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused vacation pay benefits. Vacation accrues in hours based on years of service. Maximum accrual is 120 hours on a calendar year basis. The government-wide and proprietary fund financial statements reflect an accrual for the full earned, but unused vacation pay.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are reappropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2016, there were no encumbrances outstanding.

P. Fund Equity

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 Manager or Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount 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 fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) committed, (2) assigned, and (3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (9,740,000)
Plus: Premium on bond issuance (to be amortized over the life of the debt)	(439,160)
Capital leases	(284,983)
Claims payable	(235,546)
Compensated absences	(323,086)
Accrued interest	<u>(54,424)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (11,077,199)</u>

Another element of that reconciliation explains that “the net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds”. The details of this difference are as follows:

Pension experience differences	\$ 900,768
Pension contributions subsequent to measurement date	790,987
Pension assumption changes	(129,687)
Pension investment return	442,153
Net pension liability	<u>(6,690,174)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (4,685,953)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 448,838
Depreciation expense	(920,891)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (472,053)</u>

Another element of that reconciliation explains that “Some expenses 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.” The details of this difference are as follows:

Change in accrued interest	\$ 89,529
Change in claims payable	88,199
Change in compensated absences	(27,651)
Change in net pension liability	(146,595)
Amortization expense	45,988
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 49,470</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2016, are summarized as follows:

As reported in the Statement of Net Position

Primary government		
Cash and cash equivalents	\$	15,793,560
Investments		426,443
Restricted Assets:		
Cash and cash equivalents		2,080,233
Investments		110,771
Agency Fund - Municipal Court		24,203
Component Unit - Cash and cash equivalents		1,164,011
	<u>\$</u>	<u>19,599,221</u>
Cash deposited with financial institutions	\$	19,062,007
Cash deposited with Georgia Fund 1		110,771
Investment in U.S. government securities		426,443
	<u>\$</u>	<u>19,599,221</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2016, the City's investment in Georgia Fund 1 was rated AAf by Standard & Poor's and the weighted average maturity was 38 days. At August 31, 2016, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years) Less than 1
Georgia Fund 1	\$ 110,771	\$ 110,771
U.S. Government Securities	426,443	426,443
Total	<u>\$ 537,214</u>	<u>\$ 537,214</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The City's investment policy limits investment maturities to a maximum of one year, except for special circumstances where an interest rate differential and certainty of ability to hold the investment to maturity would justify a longer maturity, as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's Administrator is authorized to approve any such exceptions and is required to disclose the exception to City Council.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of August 31, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Government Securities				
Total investments measured at fair value	\$ 426,443	\$ -	\$ -	\$ 426,443
Investments not subject to level disclosure				
Georgia Fund 1				\$ 110,771
Total Investments				\$ 537,214

The Morgan Stanley Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2016, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 4. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewerage</u>	<u>Stormwater</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Receivables:						
Taxes	\$ 684,202	\$ 38,453	\$ -	\$ -	\$ -	\$ 722,655
Accounts	-	11,975	2,641,470	418,710	406,678	3,478,833
Due from other governments	412,530	55,280	-	-	-	467,810
Gross receivables	<u>1,096,732</u>	<u>105,708</u>	<u>2,641,470</u>	<u>418,710</u>	<u>406,678</u>	<u>4,669,298</u>
Less allowance	(602,036)	-	(957,791)	(30,299)	(157,601)	(1,747,727)
Net receivables	<u>\$ 494,696</u>	<u>\$ 105,708</u>	<u>\$ 1,683,679</u>	<u>\$ 388,411</u>	<u>\$ 249,077</u>	<u>\$ 2,921,571</u>

Property Taxes

Property taxes were levied on September 15, 2015 based upon property values assessed as of January 1. The billings were mailed on September 16, 2015 and were payable on or before November 16, 2015, after which the applicable property is subject to lien and penalties and interest are assessed. The City bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2016 and collected by October 31, 2016, are recognized as revenues in the year ended August 31, 2016. Net receivables estimated to be collected subsequent to October 31, 2016, are deferred as of August 31, 2016 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during fiscal year 2016 for the City's operations was 15.69 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended August 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 691,851	\$ -	\$ -	\$ -	\$ 691,851
Construction in progress	1,115,150	236,078	-	(503,500)	847,728
Total capital assets, not being depreciated	<u>1,807,001</u>	<u>236,078</u>	<u>-</u>	<u>(503,500)</u>	<u>1,539,579</u>
Capital assets, being depreciated:					
Buildings, grounds, and improvements	11,331,300	-	-	-	11,331,300
Machinery and equipment	1,125,285	21,196	-	31,652	1,178,133
Infrastructure	13,220,438	-	-	471,848	13,692,286
Vehicles	4,159,175	191,564	(130,957)	-	4,219,782
Total capital assets, being depreciated	<u>29,836,198</u>	<u>212,760</u>	<u>(130,957)</u>	<u>503,500</u>	<u>30,421,501</u>
Less accumulated depreciation for:					
Buildings, grounds, and improvements	(4,853,386)	(278,717)	-	-	(5,132,103)
Machinery and equipment	(806,277)	(83,108)	-	-	(889,385)
Infrastructure	(7,307,461)	(372,283)	-	-	(7,679,744)
Vehicles	(3,132,601)	(186,783)	130,957	-	(3,188,427)
Total accumulated depreciation	<u>(16,099,725)</u>	<u>(920,891)</u>	<u>130,957</u>	<u>-</u>	<u>(16,889,659)</u>
Total capital assets, being depreciated, net	<u>13,736,473</u>	<u>(708,131)</u>	<u>-</u>	<u>503,500</u>	<u>13,531,842</u>
Governmental activities capital assets, net	<u>\$ 15,543,474</u>	<u>\$ (472,053)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,071,421</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 493,194	\$ -	\$ -	\$ -	\$ 493,194
Total capital assets, not being depreciated	493,194	-	-	-	493,194
Capital assets, being depreciated:					
Distribution system	18,757,841	-	-	-	18,757,841
Machinery and equipment	173,418	36,780	-	-	210,198
Infrastructure	940,937	-	-	-	940,937
Wastewater treatment capacity	6,374,612	-	-	-	6,374,612
Vehicles	216,309	39,571	-	-	255,880
Total capital assets, being depreciated	26,463,117	76,351	-	-	26,539,468
Less accumulated depreciation for:					
Distribution system	(8,904,528)	(379,515)	-	-	(9,284,043)
Machinery and equipment	(155,108)	(8,167)	-	-	(163,275)
Infrastructure	(142,294)	(45,757)	-	-	(188,051)
Wastewater treatment capacity	(885,363)	(424,974)	-	-	(1,310,337)
Vehicles	(161,593)	(14,515)	-	-	(176,108)
Total accumulated depreciation	(10,248,886)	(872,928)	-	-	(11,121,814)
Total capital assets, being depreciated, net	16,214,231	(796,577)	-	-	15,417,654
Business-type activities capital assets, net	<u>\$ 16,707,425</u>	<u>\$ (796,577)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,910,848</u>

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

Governmental activities:	
General government	\$ 24,134
Judicial	85,152
Public safety	312,084
Public works	370,819
Parks and recreation	128,702
Total depreciation expense - governmental activities	<u>\$ 920,891</u>
Business-type activities:	
Water and Sewerage	\$ 811,846
Stormwater	61,082
Total depreciation expense - business-type activities	<u>\$ 872,928</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – South Fulton Municipal Regional Jail Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 286,986	\$ -	\$ -	\$ -	\$ 286,986
Total capital assets, not being depreciated	286,986	-	-	-	286,986
Capital assets, being depreciated:					
Buildings, grounds, and improvements	11,282,640	-	-	-	11,282,640
Furniture	286,079	-	-	-	286,079
Machinery and equipment	126,902	-	-	-	126,902
Infrastructure	11,733	-	-	-	11,733
Total capital assets, being depreciated	11,707,354	-	-	-	11,707,354
Less accumulated depreciation for:					
Buildings, grounds, and improvements	(3,669,324)	(232,493)	-	-	(3,901,817)
Furniture	(216,008)	(14,304)	-	-	(230,312)
Machinery and equipment	(108,684)	(4,554)	-	-	(113,238)
Infrastructure	(11,728)	-	-	-	(11,728)
Total accumulated depreciation	(4,005,744)	(251,351)	-	-	(4,257,095)
Total capital assets, being depreciated, net	7,701,610	(251,351)	-	-	7,450,259
Capital assets, net	<u>\$ 7,988,596</u>	<u>\$ (251,351)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,737,245</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

General obligation bonds outstanding at August 31, 2016, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2016
2010 Certificates of Participation	3,310,000	2.83% - 3.25%	\$ 1,255,000
2014 General Obligation Bonds	8,560,000	2.00% - 4.00%	8,485,000
	\$ 11,870,000		\$ 9,740,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2017	\$ 1,135,000	\$ 295,388	\$ 1,430,388
2018	1,510,000	261,856	1,771,856
2019	750,000	227,625	977,625
2020	775,000	205,125	980,125
2021	815,000	181,875	996,875
2022-2026	4,755,000	522,800	5,277,800
	\$ 9,740,000	\$ 1,694,669	\$ 11,434,669

B. Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-like activities and are reported in the business-type column of the government-wide statements. Principal and interest are payable from enterprise fund revenue (the City's Water and Sewerage Fund).

The City's 2012 Water and Sewerage Revenue Bonds were issued in April 2012 for the purpose of a) making certain additions, extensions and improvements to the City's water system; b) funding a debt service reserve for the bonds; and c) paying the cost of issuing the bonds. The bonds are special limited obligations of the City secured by and payable solely from a first lien on and pledge of revenues derived by the City from the ownership and operation of the City's water system. These bonds are due on July 1, 2032.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

B. Revenue Bonds (Continued)

Revenue bonds outstanding at August 31, 2016, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2016
2012 Water and Sewerage Revenue Bonds	\$ 11,275,000	2.0 - 4.0%	\$ 9,490,000

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2017	\$ 470,000	\$ 322,625	\$ 792,625
2018	480,000	310,875	790,875
2019	495,000	298,875	793,875
2020	505,000	284,025	789,025
2021	525,000	268,875	793,875
2022-2026	2,865,000	1,094,650	3,959,650
2027-2031	3,390,000	562,600	3,952,600
2032	760,000	30,400	790,400
	\$ 9,490,000	\$ 3,172,925	\$ 12,662,925

C. Capital Leases

During 2009, the City entered into a capital lease agreement with a local financial institution to finance the purchase of a new fire truck. Annual lease payments are due including interest at 3.53% in the amount of \$101,790 through January 15, 2019. As of August 31, 2016, the City reflects a total cost of leased assets of \$854,000 and accumulated depreciation of \$427,000. Total accumulated depreciation of leased assets under capital lease includes current year depreciation expense of \$56,932.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2016, were as follows:

Fiscal Year Ending August 31,	<u>Governmental Activities</u>
2017	\$ 101,790
2018	101,790
2019	101,790
Total minimum lease payments	<u>305,370</u>
Less: amount representing interest	(20,387)
Present value of minimum lease payments	<u>\$ 284,983</u>

D. Changes in Long-Term Liabilities- Primary Government

Long-term liability activity for the year ended August 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 11,110,000	\$ -	\$ (1,370,000)	\$ 9,740,000	\$ 1,135,000
Plus: Premium	528,689	-	(89,529)	439,160	-
Total bonds payable	<u>11,638,689</u>	<u>-</u>	<u>(1,459,529)</u>	<u>10,179,160</u>	<u>1,135,000</u>
Capital lease	373,584	-	(88,601)	284,983	91,729
Net pension liability	5,133,668	2,603,427	(1,046,921)	6,690,174	-
Claims payable	323,745	235,546	(323,745)	235,546	235,546
Compensated absences	<u>295,435</u>	<u>484,526</u>	<u>(456,875)</u>	<u>323,086</u>	<u>323,086</u>
Governmental activity Long-term liabilities	<u>\$ 17,765,121</u>	<u>\$ 3,323,499</u>	<u>\$ (3,375,671)</u>	<u>\$ 17,712,949</u>	<u>\$ 1,785,361</u>
Business-type activities:					
Revenue bonds	\$ 9,950,000	\$ -	\$ (460,000)	\$ 9,490,000	\$ 470,000
Less: Discount	(122,167)	-	11,698	(110,469)	-
Total bonds payable	<u>9,827,833</u>	<u>-</u>	<u>(448,302)</u>	<u>9,379,531</u>	<u>470,000</u>
Net pension liability	476,742	226,385	(104,603)	598,524	-
Compensated absences	<u>31,796</u>	<u>41,540</u>	<u>(44,791)</u>	<u>28,545</u>	<u>28,545</u>
Business-type activity Long-term liabilities	<u>\$ 10,336,371</u>	<u>\$ 267,925</u>	<u>\$ (597,696)</u>	<u>\$ 10,006,600</u>	<u>\$ 498,545</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities- Primary Government (Continued)

For governmental activities, compensated absences, claims payable, and the net pension liability are generally liquidated by the General Fund. For both governmental activities and business-type activities, compensated absences are all reported as current due to historical trends of City employee use of leave annually.

E. Component Unit

In November 2012, the Authority issued Taxable Refunding Revenue Bonds, Series 2012 for the purposes of (1) refunding the Authority's previously issued Taxable Refunding Revenue Bonds, Series 2008, (2) paying certain operating costs of the jail owned by the Authority, and (3) paying the costs of issuing the 2012 Series Bonds. The Authority's revenue bonds outstanding at August 31, 2016, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2016
2012 South Fulton Municipal Jail Authority Refunding Revenue Bonds	\$ 13,350,000	3.65%	\$ 12,455,000

Annual debt service requirements to maturity for the Authority's bonds are as listed below. The following maturity schedule was based on the rate as of year-end.

Fiscal Year Ending August 31,	Principal	Interest	Total
2017	\$ 305,000	\$ 477,230	\$ 782,230
2018	310,000	472,126	782,126
2019	315,000	465,877	780,877
2020	325,000	458,393	783,393
2021	620,000	445,338	1,065,338
2022-2026	3,435,000	1,898,423	5,333,423
2027-2031	4,165,000	1,154,448	5,319,448
2032-2034	2,980,000	211,542	3,191,542
	\$ 12,455,000	\$ 5,583,377	\$ 18,038,377

Long-term liability activity for the Authority for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 12,755,000	\$ -	\$ (300,000)	\$ 12,455,000	\$ 305,000

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Union City, Georgia, has established a non-contributory defined benefit pension plan (City of Union City Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the three highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership. As of January 1, 2016, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	107
Active plan members	<u>156</u>
Total membership in the plan	<u><u>318</u></u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended August 31, 2016, the City's contribution rate was 18.42% of annual payroll. City contributions to the Plan were \$865,396 for the year ended August 31, 2016.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Net Investment rate of return	7.75%

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

The cost of living adjustment is assumed to be 3.00%.

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, 2015 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	<u>100%</u>	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. 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 of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended August 31, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2015	\$ 19,410,669	\$ 13,800,259	\$ 5,610,410
<i>Changes for the year:</i>			
Service cost	364,644	-	364,644
Interest	1,472,322	-	1,472,322
Differences between expected and actual experience	968,158	-	968,158
Contributions—employer	-	1,006,474	(1,006,474)
Net investment income	-	145,050	(145,050)
Benefit payments, including refunds of employee contributions	(825,925)	(825,925)	-
Administrative expense	-	(24,688)	24,688
<i>Net changes</i>	1,979,199	300,911	1,678,288
Balances at August 31, 2016	<u>\$ 21,389,868</u>	<u>\$ 14,101,170</u>	<u>\$ 7,288,698</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City of Union City's net pension liability	\$ 10,576,140	\$ 7,288,698	\$ 4,589,763

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2015, and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended August 31, 2016, the City recognized pension expense of \$1,094,293. At August 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 974,818	\$ -
Changes in assumptions	-	(142,374)
Net difference between projected and actual earnings on pension plan investments	471,884	-
City contributions subsequent to the measurement date	865,395	-
Total	\$ 2,312,097	\$ (142,374)

City contributions subsequent to the measurement date of \$865,395 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending August 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending June 30:	
2017	\$ 308,199
2018	308,199
2019	308,199
2020	379,731
Total	\$ 1,304,328

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED CONTRIBUTION PLAN

The City offers its employees a defined contribution plan administered by Citistreet Associates created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to contribute an amount equal to 100% up to the first 2% an employee defers, 75% of the next 2%, and 50% of the next 6% deferred. Employers' contributions are fully vested after the participant completes three full years of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Pursuant to GASB Statement Number 32 of the *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements. Contributions are established and may be amended by the City Council. The City's contribution to the Plan approximated \$243,133 and the employees' contributions approximated \$326,404 for the year ended August 31, 2016.

NOTE 9. DEFICIT FUND BALANCE

The 2006 General Obligation Bond Fund reported a deficit fund balance in the amount of \$15,036 as of August 31, 2016. This deficit will be reduced in future years by reduced debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2016, are as follows:

Due To	Due From Nonmajor Governmental
General Fund	\$ 195,100
Total	\$ 195,100

Interfund receivables and payables result from timing differences related to collection of taxes in Special Revenue Funds and payroll and other year-end transactions in enterprise funds, which normally clear within one to two months. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

Interfund transfers for the year ended August 31, 2016, consisted of the following:

Transfer from	Transfer to			
	General	Water and Sewerage	Nonmajor Governmental	Total
General Fund	\$ -	\$ 185,547	\$ 2,672,967	\$ 2,858,514
Nonmajor Governmental	337,574	-	-	337,574
Stormwater Fund	132,291	-	-	132,291
Nonmajor Enterprise	117,300	-	-	117,300
Total	\$ 587,165	\$ 185,547	\$ 2,672,967	\$ 3,445,679

Transfers are used to: (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2016, \$290,409 of hotel/motel tax was collected. Of the total collected in the current and prior years, \$290,409 was used for the promotion of tourism within the City. The remainder of the funds collected in prior years remains unspent at year-end.

NOTE 12. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the Official Code of Georgia Annotated (OCGA) Section 48-13-93. The code section requires the City to spend the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc. and promoting the City and businesses therein. For the fiscal year ended August 31, 2016, \$163,329 of excise tax was collected and used to pay for tourism outlays within the City.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay dues thereto. During its year ending August 31, 2016, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the OCGA, Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland St. NE, Atlanta, Georgia 30303.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINTLY GOVERNED ORGANIZATION

On March 13, 2001, the City, the City of Fairburn, and the City of Palmetto created by joint resolutions pursuant to the authority of the General Assembly of the State of Georgia, the South Fulton Municipal Regional Water and Sewer Authority (the Water and Sewer Authority). The Water and Sewer Authority was created to provide alternative water and sewer resources for the Cities of Union, Fairburn and Palmetto. The Water and Sewer Authority is governed by a board of seven directors, three of whom are the chief elected official of each member city, three of whom are appointed one each by each of the member cities, and one director being appointed by members of the local delegation of the Georgia General Assembly who represent all, or any part of, a member city.

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the year ended August 31, 2016, the City agreed to pay the Water and Sewer Authority \$1,242,821 for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewerage Fund.

As of December 31, 2014, the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using a variable interest rate of 3-5%:

Fiscal Year Ending December 31,	Total	Principal	Interest
2015	\$ 1,541,775	\$ 100,000	\$ 1,441,775
2016	2,573,025	1,150,000	1,423,025
2017	2,597,625	1,210,000	1,387,625
2018	2,620,425	1,270,000	1,350,425
2019	2,646,350	1,335,000	1,311,350
2020 - 2024	13,588,400	7,920,000	5,668,400
2025 - 2029	14,267,788	10,680,000	3,587,788
2030 - 2033	11,876,450	10,920,000	956,450
	<u>\$ 51,711,838</u>	<u>\$ 34,585,000</u>	<u>\$ 17,126,838</u>

Separate financial statements for the Water and Sewer Authority can be obtained at the following address: South Fulton Municipal Regional Water and Sewer Authority, P.O. Box 855, Fairburn, Georgia 30213.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RELATED ORGANIZATION

The City's governing body is responsible for appointing a majority of the board members of the City of Union City Housing Authority. However, the City has no further accountability for this organization.

NOTE 16. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

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

NOTE 17. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. RISK MANAGEMENT (CONTINUED)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE 18. OTHER POST-EMPLOYMENT BENEFITS

The City does not currently have or participate in other post-retirement health care, dental, or life insurance plans for City retirees.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 364,644	\$ 445,614
Interest on total pension liability	1,472,322	1,380,840
Differences between expected and actual experience	968,158	333,822
Changes of assumptions	-	(237,288)
Benefit payments, including refunds of employee contributions	<u>(825,925)</u>	<u>(659,221)</u>
Net change in total pension liability	1,979,199	1,263,767
Total pension liability - beginning	<u>19,410,669</u>	<u>18,146,902</u>
Total pension liability - ending (a)	<u>\$ 21,389,868</u>	<u>\$ 19,410,669</u>
Plan fiduciary net position		
Contributions - employer	1,006,474	942,047
Net investment income	145,050	1,404,681
Benefit payments, including refunds of employee contributions	(825,925)	(659,221)
Administrative expenses	<u>(24,688)</u>	<u>(20,144)</u>
Net change in plan fiduciary net position	300,911	1,667,363
Plan fiduciary net position - beginning	<u>13,800,259</u>	<u>12,132,896</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,101,170</u>	<u>\$ 13,800,259</u>
City's net pension liability - ending (a) - (b)	<u>\$ 7,288,698</u>	<u>\$ 5,610,410</u>
Plan fiduciary net position as a percentage of the total pension liability	65.92%	71.10%
Covered-employee payroll	\$ 6,490,346	\$ 6,121,491
City's net pension liability as a percentage of covered-employee payroll	112.30%	91.65%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

**CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	\$ 1,169,509	\$ 1,241,986
Contributions in relation to the actuarially determined contribution	1,006,474	942,047
Contribution deficiency (excess)	<u>\$ 163,035</u>	<u>\$ 299,939</u>
Covered-employee payroll	6,490,346	6,121,491
Contributions as a percentage of Covered-employee payroll	15.5%	15.4%

Notes to the Schedule

Valuation Date	January 1, 2016
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return On Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	3.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years

The schedule will present 10 years of information once it is accumulated.

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF UNION CITY, GEORGIA NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Federal Seized Funds Fund** accounts for the collection and use of funds confiscated from convicted offenders.

The **Vehicle Rental Excise Tax Fund** accounts for the collection of rental car fees that are required to be remitted to the Economic Development Department.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel tax receipts and distributions of funds used to promote tourism within the City.

The **Emergency 911 Fund** accounts for the fee collection and operations of the Emergency 911 system within the City.

The **Inmate Welfare Fund** accounts for certain funds collected at the commissary located at the City jail.

The **Tax Allocation District Fund** accounts for the increased property tax generated by new development to finance capital and other costs related to redevelopment.

The **Multiple Operating Grant Fund** accounts for federal and state grant revenues to be used for City expenditures.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **Capital Grants Fund** accounts for various capital projects of the City. Funding is provided by state and federal agencies and transfers from the General Fund.

The **2006 General Obligation Bonds Capital Projects Fund** accounts for the issuance of the 2006 general obligation bonds and its related acquisition and construction of capital facilities.

The **CDBG Fund** accounts for various community capital projects of the City. Funding is provided by state and federal agencies and transfers from the General Fund.

The **Capital Projects Fund** accounts for various capital projects of the City. Funding is provided by the issuance of capital leases and transfers from the General Fund.

**CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

The **2010 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2010 General Obligation Bond Issue.

The **2014 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2014 General Obligation Bond issue.

The **2010 Certificate of Participation Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2010 Certificate of Participation Issue.

CITY OF UNION CITY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016**

	Special Revenue Funds						
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
ASSETS							
Cash and cash equivalents	\$ 20,325	\$ 20,702	\$ 461,169	\$ 587	\$ 267,736	\$ 55,820	\$ 199,510
Taxes receivable	-	13,211	25,242	-	-	-	-
Accounts receivable	-	-	-	11,975	-	-	-
Due from other governments	-	-	-	-	-	-	280
Prepaid expenditures	-	-	-	165,170	-	-	-
Total assets	<u>\$ 20,325</u>	<u>\$ 33,913</u>	<u>\$ 486,411</u>	<u>\$ 177,732</u>	<u>\$ 267,736</u>	<u>\$ 55,820</u>	<u>\$ 199,790</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 102,161	\$ 7,398	\$ -	\$ 4,053	\$ 24,159
Due to others	-	-	-	-	71,891	-	-
Due to other funds	-	-	-	150,000	100	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>102,161</u>	<u>157,398</u>	<u>71,991</u>	<u>4,053</u>	<u>24,159</u>
FUND BALANCES (DEFICIT)							
Nonspendable:							
Prepaid expenditures	-	-	-	165,170	-	-	-
Restricted for:							
Law enforcement	20,325	-	-	-	-	-	175,631
Economic development	-	33,913	384,250	-	-	-	-
Other capital projects	-	-	-	-	-	51,767	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Public safety - jail	-	-	-	-	195,745	-	-
Unassigned	-	-	-	(144,836)	-	-	-
Total fund balances (deficit)	<u>20,325</u>	<u>33,913</u>	<u>384,250</u>	<u>20,334</u>	<u>195,745</u>	<u>51,767</u>	<u>175,631</u>
Total liabilities and fund balances	<u>\$ 20,325</u>	<u>\$ 33,913</u>	<u>\$ 486,411</u>	<u>\$ 177,732</u>	<u>\$ 267,736</u>	<u>\$ 55,820</u>	<u>\$ 199,790</u>

Capital Projects Funds				Debt Service Funds			Totals
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	
\$ 448,481	\$ 16,598	\$ 336	\$ 629,334	\$ 1,627	3,112	\$ 322,981	\$ 2,448,318
-	-	-	-	-	-	-	38,453
-	-	-	-	-	-	-	11,975
-	-	55,000	-	-	-	-	55,280
-	-	-	-	-	-	-	165,170
<u>\$ 448,481</u>	<u>\$ 16,598</u>	<u>\$ 55,336</u>	<u>\$ 629,334</u>	<u>\$ 1,627</u>	<u>\$ 3,112</u>	<u>\$ 322,981</u>	<u>\$ 2,719,196</u>
\$ 27,884	\$ 31,634	\$ -	\$ 12,718	\$ 158	\$ -	\$ -	\$ 210,165
-	-	-	-	-	-	-	71,891
-	-	45,000	-	-	-	-	195,100
<u>27,884</u>	<u>31,634</u>	<u>45,000</u>	<u>12,718</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>477,156</u>
-	-	-	-	-	-	-	165,170
-	-	-	-	-	-	-	195,956
-	-	-	-	-	-	-	418,163
420,597	-	10,336	616,616	-	-	-	1,099,316
-	-	-	-	1,469	3,112	322,981	327,562
-	-	-	-	-	-	-	195,745
-	(15,036)	-	-	-	-	-	(159,872)
<u>420,597</u>	<u>(15,036)</u>	<u>10,336</u>	<u>616,616</u>	<u>1,469</u>	<u>3,112</u>	<u>322,981</u>	<u>2,242,040</u>
<u>\$ 448,481</u>	<u>\$ 16,598</u>	<u>\$ 55,336</u>	<u>\$ 629,334</u>	<u>\$ 1,627</u>	<u>\$ 3,112</u>	<u>\$ 322,981</u>	<u>\$ 2,719,196</u>

(Concluded)

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Special Revenue Funds						
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/ Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
Revenues:							
Other taxes	\$ -	\$ 163,329	\$ 290,409	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	249,051	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	373,266
Interest revenue	35	-	-	-	-	-	257
Total revenues	<u>35</u>	<u>163,329</u>	<u>290,409</u>	<u>249,051</u>	<u>-</u>	<u>-</u>	<u>373,523</u>
Expenditures:							
Current							
Public safety	5,356	-	-	610,126	113	-	25,271
Public works	-	-	-	-	-	-	471,075
Economic development	-	-	116,164	-	-	-	-
Capital outlay	-	-	-	-	-	4,053	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>5,356</u>	<u>-</u>	<u>116,164</u>	<u>610,126</u>	<u>113</u>	<u>4,053</u>	<u>496,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,321)</u>	<u>163,329</u>	<u>174,245</u>	<u>(361,075)</u>	<u>(113)</u>	<u>(4,053)</u>	<u>(122,823)</u>
Other financing sources (uses)							
Transfers in	16,049	-	-	361,075	-	-	120,327
Transfers out	-	(163,329)	(174,245)	-	-	-	-
Total other financing sources (uses)	<u>16,049</u>	<u>(163,329)</u>	<u>(174,245)</u>	<u>361,075</u>	<u>-</u>	<u>-</u>	<u>120,327</u>
Net change in fund balances	10,728	-	-	-	(113)	(4,053)	(2,496)
Fund balances (deficit), beginning of year	<u>9,597</u>	<u>33,913</u>	<u>384,250</u>	<u>20,334</u>	<u>195,858</u>	<u>55,820</u>	<u>178,127</u>
Fund balances (deficit), end of year	<u>\$ 20,325</u>	<u>\$ 33,913</u>	<u>\$ 384,250</u>	<u>\$ 20,334</u>	<u>\$ 195,745</u>	<u>\$ 51,767</u>	<u>\$ 175,631</u>

Capital Projects Funds				Debt Service Funds			Totals
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,738
-	-	-	-	-	-	-	249,051
147,346	-	55,000	-	-	-	-	575,612
-	-	-	-	-	-	219	511
<u>147,346</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219</u>	<u>1,278,912</u>
-	-	-	-	-	-	-	640,866
-	-	-	-	-	-	-	471,075
-	-	-	-	-	-	-	116,164
221,078	241,820	55,000	213,081	-	-	-	735,032
-	-	-	-	305,000	645,000	420,000	1,370,000
-	-	-	-	4,733	291,325	47,638	343,696
<u>221,078</u>	<u>241,820</u>	<u>55,000</u>	<u>213,081</u>	<u>309,733</u>	<u>936,325</u>	<u>467,638</u>	<u>3,676,833</u>
<u>(73,732)</u>	<u>(241,820)</u>	<u>-</u>	<u>(213,081)</u>	<u>(309,733)</u>	<u>(936,325)</u>	<u>(467,419)</u>	<u>(2,397,921)</u>
248,252	-	10,000	200,000	310,370	939,475	467,419	2,672,967
-	-	-	-	-	-	-	(337,574)
<u>248,252</u>	<u>-</u>	<u>10,000</u>	<u>200,000</u>	<u>310,370</u>	<u>939,475</u>	<u>467,419</u>	<u>2,335,393</u>
174,520	(241,820)	10,000	(13,081)	637	3,150	-	(62,528)
<u>246,077</u>	<u>226,784</u>	<u>336</u>	<u>629,697</u>	<u>832</u>	<u>(38)</u>	<u>322,981</u>	<u>2,304,568</u>
<u>\$ 420,597</u>	<u>\$ (15,036)</u>	<u>\$ 10,336</u>	<u>\$ 616,616</u>	<u>\$ 1,469</u>	<u>\$ 3,112</u>	<u>\$ 322,981</u>	<u>\$ 2,242,040</u>

(Concluded)

**CITY OF UNION CITY, GEORGIA
FEDERAL SEIZED FUNDS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 35	\$ 35
Total revenues	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
EXPENDITURES				
Public safety	15,000	15,000	5,356	9,644
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>5,356</u>	<u>9,644</u>
Deficiency of revenues under expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>(5,321)</u>	<u>9,679</u>
Other financing sources:				
Transfers in	-	-	16,049	16,049
Total other financing sources	<u>-</u>	<u>-</u>	<u>16,049</u>	<u>16,049</u>
Net change in fund balance	<u>(15,000)</u>	<u>(15,000)</u>	<u>10,728</u>	<u>25,728</u>
FUND BALANCES, beginning of year	<u>9,597</u>	<u>9,597</u>	<u>9,597</u>	<u>-</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ (5,403)</u>	<u>\$ (5,403)</u>	<u>\$ 20,325</u>	<u>\$ 25,728</u>

**CITY OF UNION CITY, GEORGIA
VEHICLE RENTAL EXCISE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 157,000	\$ 163,329	\$ 163,329	\$ -
Other financing uses				
Transfers out	(157,000)	(163,329)	(163,329)	-
Total other financing uses	(157,000)	(163,329)	(163,329)	-
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	33,913	33,913	33,913	-
FUND BALANCES, end of year	\$ 33,913	\$ 33,913	\$ 33,913	\$ -

**CITY OF UNION CITY, GEORGIA
HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 285,000	\$ 285,000	\$ 290,409	\$ 5,409
EXPENDITURES				
Economic development	552,766	492,520	116,164	376,356
Total expenditures	<u>552,766</u>	<u>492,520</u>	<u>116,164</u>	<u>376,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(267,766)</u>	<u>(207,520)</u>	<u>174,245</u>	<u>381,765</u>
Other financing uses				
Transfers out	<u>(114,000)</u>	<u>(174,246)</u>	<u>(174,245)</u>	<u>1</u>
Total other financing uses	<u>(114,000)</u>	<u>(174,246)</u>	<u>(174,245)</u>	<u>1</u>
Net change in fund balance	<u>(381,766)</u>	<u>(381,766)</u>	<u>-</u>	<u>381,766</u>
FUND BALANCES, beginning of year	<u>384,250</u>	<u>384,250</u>	<u>384,250</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 2,484</u>	<u>\$ 2,484</u>	<u>\$ 384,250</u>	<u>\$ 381,766</u>

**CITY OF UNION CITY, GEORGIA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 273,000	\$ 273,000	\$ 249,051	\$ (23,949)
Total revenues	<u>273,000</u>	<u>273,000</u>	<u>249,051</u>	<u>(23,949)</u>
EXPENDITURES				
Public safety	616,060	616,060	610,126	5,934
Total expenditures	<u>616,060</u>	<u>616,060</u>	<u>610,126</u>	<u>5,934</u>
Deficiency of revenues under expenditures	<u>(343,060)</u>	<u>(343,060)</u>	<u>(361,075)</u>	<u>(18,015)</u>
Other financing sources				
Transfers in	343,060	343,060	361,075	18,015
Total other financing sources	<u>343,060</u>	<u>343,060</u>	<u>361,075</u>	<u>18,015</u>
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	<u>20,334</u>	<u>20,334</u>	<u>20,334</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 20,334</u>	<u>\$ 20,334</u>	<u>\$ 20,334</u>	<u>\$ -</u>

**CITY OF UNION CITY, GEORGIA
INMATE WELFARE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Public safety	\$ -	\$ 113	\$ 113	\$ -
Total expenditures	<u>-</u>	<u>113</u>	<u>113</u>	<u>-</u>
Net change in fund balance	-	(113)	(113)	-
FUND BALANCES, beginning of year	<u>195,858</u>	<u>195,858</u>	<u>195,858</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 195,858</u>	<u>\$ 195,745</u>	<u>\$ 195,745</u>	<u>\$ -</u>

**CITY OF UNION CITY, GEORGIA
TAX ALLOCATION DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Capital outlay	\$ 55,820	\$ 55,820	\$ 4,053	\$ 51,767
Total expenditures	<u>55,820</u>	<u>55,820</u>	<u>4,053</u>	<u>51,767</u>
Other financing sources				
Transfers in	<u>55,820</u>	<u>55,820</u>	-	<u>(55,820)</u>
Total other financing sources	<u>55,820</u>	<u>55,820</u>	-	<u>(55,820)</u>
Net change in fund balance	-	-	(4,053)	(4,053)
FUND BALANCES, beginning of year	<u>55,820</u>	<u>55,820</u>	<u>55,820</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 55,820</u>	<u>\$ 55,820</u>	<u>\$ 51,767</u>	<u>\$ (4,053)</u>

**CITY OF UNION CITY, GEORGIA
MULTIPLE OPERATING GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenue	\$ 861,878	\$ 861,878	\$ 373,266	\$ (488,612)
Interest revenue	-	-	257	257
Total revenues	<u>861,878</u>	<u>861,878</u>	<u>373,523</u>	<u>(488,355)</u>
EXPENDITURES				
Public safety	766,406	766,406	25,271	741,135
Public works	508,868	508,868	471,075	37,793
Total expenditures	<u>1,275,274</u>	<u>1,275,274</u>	<u>496,346</u>	<u>778,928</u>
Deficiency of revenues under expenditures	<u>(413,396)</u>	<u>(413,396)</u>	<u>(122,823)</u>	<u>290,573</u>
Other financing sources:				
Transfers in	120,327	120,327	120,327	-
Total other financing sources	<u>120,327</u>	<u>120,327</u>	<u>120,327</u>	<u>-</u>
Net change in fund balance	(293,069)	(293,069)	(2,496)	290,573
FUND BALANCES, beginning of year	<u>178,127</u>	<u>178,127</u>	<u>178,127</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ (114,942)</u>	<u>\$ (114,942)</u>	<u>\$ 175,631</u>	<u>\$ 290,573</u>

**CITY OF UNION CITY, GEORGIA
2010 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Debt service				
Principal	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
Interest	5,370	5,370	4,733	637
Total expenditures	<u>310,370</u>	<u>310,370</u>	<u>309,733</u>	<u>637</u>
Deficiency of revenues under expenditures	<u>(310,370)</u>	<u>(310,370)</u>	<u>(309,733)</u>	<u>637</u>
Other financing sources				
Transfers in	310,370	310,370	310,370	-
Total other financing sources	<u>310,370</u>	<u>310,370</u>	<u>310,370</u>	<u>-</u>
Net change in fund balance	-	-	637	637
FUND BALANCES, beginning of year	<u>832</u>	<u>832</u>	<u>832</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 832</u>	<u>\$ 832</u>	<u>\$ 1,469</u>	<u>\$ 637</u>

**CITY OF UNION CITY, GEORGIA
2014 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Debt service				
Principal	\$ 645,000	\$ 645,000	\$ 645,000	\$ -
Interest	294,475	294,475	291,325	3,150
Total expenditures	<u>939,475</u>	<u>939,475</u>	<u>936,325</u>	<u>3,150</u>
Deficiency of revenues under expenditures	<u>(939,475)</u>	<u>(939,475)</u>	<u>(936,325)</u>	<u>3,150</u>
Other financing sources				
Transfers in	939,475	939,475	939,475	-
Total other financing sources	<u>939,475</u>	<u>939,475</u>	<u>939,475</u>	<u>-</u>
Net change in fund balance	-	-	3,150	3,150
FUND BALANCES, beginning of year	<u>(38)</u>	<u>(38)</u>	<u>(38)</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ (38)</u>	<u>\$ (38)</u>	<u>\$ 3,112</u>	<u>\$ 3,150</u>

CITY OF UNION CITY, GEORGIA
2010 CERTIFICATE OF PARTICIPATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest revenues	\$ 75	\$ 75	\$ 219	\$ 144
Total revenues	<u>75</u>	<u>75</u>	<u>219</u>	<u>144</u>
EXPENDITURES				
Debt service				
Principal	420,000	420,000	420,000	-
Interest	47,638	47,638	47,638	-
Total expenditures	<u>467,638</u>	<u>467,638</u>	<u>467,638</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(467,563)</u>	<u>(467,563)</u>	<u>(467,419)</u>	<u>144</u>
Other financing sources				
Transfers in	<u>467,563</u>	<u>467,563</u>	<u>467,419</u>	<u>(144)</u>
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	<u>322,981</u>	<u>322,981</u>	<u>322,981</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 322,981</u>	<u>\$ 322,981</u>	<u>\$ 322,981</u>	<u>\$ -</u>

**CITY OF UNION CITY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

The **Criminal Justice Management Fund** accounts for the operations related to the City's management of the jail facility for the South Fulton Municipal Regional Jail Authority. All activities necessary to provide such services are accounted for in this fund.

The **Sanitation Fund** accounts for the operations of commercial and residential waste removal within the City. All activities necessary to provide such services are accounted for in this fund.

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2016**

	Criminal Justice Management Fund	Sanitation Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 581,590	\$ 199,825	\$ 781,415
Due from others	169	-	169
Accounts receivable, net of allowances	-	249,077	249,077
Total assets	<u>581,759</u>	<u>448,902</u>	<u>1,030,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	5,167	-	5,167
Pension investment return	2,620	-	2,620
Pension contributions subsequent to measurement date	4,418	-	4,418
Total deferred outflows of resources	<u>12,205</u>	<u>-</u>	<u>12,205</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	50,029	97,592	147,621
Accrued liabilities	2,632	-	2,632
Compensated absences	1,697	-	1,697
Due to component unit	293,350	-	293,350
Total current liabilities	<u>347,708</u>	<u>97,592</u>	<u>445,300</u>
NONCURRENT LIABILITIES			
Net pension liability	37,758	-	37,758
Total liabilities	<u>385,466</u>	<u>97,592</u>	<u>483,058</u>
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	718	-	718
Total deferred inflows of resources	<u>718</u>	<u>-</u>	<u>718</u>
NET POSITION			
Unrestricted	207,780	351,310	559,090
Total net position	<u>\$ 207,780</u>	<u>\$ 351,310</u>	<u>\$ 559,090</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Criminal Justice Management Fund	Sanitation Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 560,556	\$ 1,060,682	\$ 1,621,238
Other charges	-	85,066	85,066
Total operating revenues	<u>560,556</u>	<u>1,145,748</u>	<u>1,706,304</u>
OPERATING EXPENSES			
Purchased or contracted services	627,205	865,995	1,493,200
Total operating expenses	<u>627,205</u>	<u>865,995</u>	<u>1,493,200</u>
Operating income (loss)	(66,649)	279,753	213,104
TRANSFERS			
Transfers out	-	(117,300)	(117,300)
Total transfers	<u>-</u>	<u>(117,300)</u>	<u>(117,300)</u>
Change in net position	(66,649)	162,453	95,804
NET POSITION, beginning of year	<u>274,429</u>	<u>188,857</u>	<u>463,286</u>
NET POSITION, end of year	<u>\$ 207,780</u>	<u>\$ 351,310</u>	<u>\$ 559,090</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Criminal Justice Management Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 559,869	\$ 1,035,214	\$ 1,595,083
Payments to suppliers	(666,775)	(869,836)	(1,536,611)
Net cash provided by (used in) operating activities	<u>(106,906)</u>	<u>165,378</u>	<u>58,472</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	(117,300)	(117,300)
Net cash used in noncapital financing activities	<u>-</u>	<u>(117,300)</u>	<u>(117,300)</u>
Change in cash and cash equivalents	(106,906)	48,078	(58,828)
Cash and cash equivalents:			
Beginning of year	<u>688,496</u>	<u>151,747</u>	<u>840,243</u>
End of year	<u><u>\$ 581,590</u></u>	<u><u>\$ 199,825</u></u>	<u><u>\$ 781,415</u></u>

The accompanying notes are an integral part of these financial statements.

(Continued)

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Criminal Justice Management Fund	Sanitation Fund	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (66,649)	\$ 279,753	\$ 213,104
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	-	(110,534)	(110,534)
Increase in due from others	(169)	-	(169)
Decrease in accounts payable	(40,932)	(3,841)	(44,773)
Increase in accrued liabilities	514	-	514
Decrease in due to component unit	(518)	-	(518)
Increase in net pension liability	848	-	848
Net cash provided by (used in) operating activities	<u>\$ (106,906)</u>	<u>\$ 165,378</u>	<u>\$ 58,472</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF UNION CITY, GEORGIA
FIDUCIARY FUND**

AGENCY FUND

The **Municipal Court Fund** accounts for the collections of cash appearance bonds by the Municipal Court.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Balance September 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance August 31, 2016</u>
MUNICIPAL COURT FUND				
ASSETS				
Cash and cash equivalents	\$ 27,667	\$ 1,388,194	\$ 1,391,658	\$ 24,203
Total assets	<u>27,667</u>	<u>1,388,194</u>	<u>1,391,658</u>	<u>24,203</u>
LIABILITIES				
Due to others	27,667	1,388,194	1,391,658	24,203
Total liabilities	<u>\$ 27,667</u>	<u>\$ 1,388,194</u>	<u>\$ 1,391,658</u>	<u>\$ 24,203</u>

The accompanying notes are an integral part of these financial statements.

COMPONENT UNIT

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 783,770
Refunds of prepaid expenditures	682,800
Net cash provided by operating activities	<u>1,466,570</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on bonds	(300,000)
Interest paid	(480,962)
Net cash used in capital and related financing activities	<u>(780,962)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	65
Net cash provided by investing activities	<u>65</u>

Change in cash and cash equivalents 685,673

Cash and cash equivalents:

Beginning of year	<u>478,338</u>
End of year	<u>\$ 1,164,011</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 530,650
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	251,351
Changes in assets and liabilities:	
Decrease in due from primary government	518
Increase in accounts payable	51
Decrease in due to primary government	684,000
Net cash provided by operating activities	<u>\$ 1,466,570</u>

STATISTICAL SECTION

This part of the City of Union City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	81 - 87
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	88 - 91
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	92 - 96
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	97 and 98
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	99 - 101
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year.

CITY OF UNION CITY, GEORGIA

**NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 8,494,912	\$ 7,689,065	\$ 5,125,892	\$ 4,350,167	\$ 2,298,610	\$ 2,363,313	\$ 2,046,237	\$ 3,597,239	\$ 3,531,201	\$ 5,049,949
Restricted	10,858,756	9,279,559	6,867,079	4,645,673	857,484	1,478,182	1,734,932	1,879,206	2,088,414	2,040,997
Unrestricted	(774,996)	792,593	2,179,160	2,692,528	3,697,905	1,603,503	(102,458)	1,903,353	2,254,399	5,350,512
Total governmental activities net position	<u>\$ 18,578,672</u>	<u>\$ 17,761,217</u>	<u>\$ 14,172,131</u>	<u>\$ 11,688,368</u>	<u>\$ 6,853,999</u>	<u>\$ 5,444,998</u>	<u>\$ 3,678,711</u>	<u>\$ 7,379,798</u>	<u>\$ 7,874,014</u>	<u>\$ 12,441,458</u>
Business-type activities										
Net investment in capital assets	\$ 7,532,452	\$ 7,440,803	\$ 7,463,759	\$ 12,298,174	\$ 11,905,504	\$ 9,993,975	\$ 10,385,111	\$ 8,901,118	\$ 7,991,837	\$ 7,209,006
Restricted	4,243,140	3,033,885	2,455,231	-	-	-	925,910	2,059,130	1,970,454	1,834,024
Unrestricted	6,251,143	5,473,100	5,180,074	255,748	(532,061)	824,012	964,801	1,038,859	862,585	1,921,057
Total business-type activities net position	<u>\$ 18,026,735</u>	<u>\$ 15,947,788</u>	<u>\$ 15,099,064</u>	<u>\$ 12,553,922</u>	<u>\$ 11,373,443</u>	<u>\$ 10,817,987</u>	<u>\$ 12,275,822</u>	<u>\$ 11,999,107</u>	<u>\$ 10,824,876</u>	<u>\$ 10,964,087</u>
Primary government										
Net investment in capital assets	\$ 16,027,364	\$ 15,129,868	\$ 12,589,651	\$ 16,648,341	\$ 14,204,114	\$ 12,357,288	\$ 12,431,348	\$ 12,498,357	\$ 11,523,038	\$ 12,258,955
Restricted	15,101,896	12,313,444	9,322,310	4,645,673	857,484	1,478,182	2,660,842	3,938,336	4,058,868	3,875,021
Unrestricted	5,476,147	6,265,693	7,359,234	2,948,276	3,165,844	2,427,515	862,343	2,942,212	3,116,984	7,271,569
Total primary government net position	<u>\$ 36,605,407</u>	<u>\$ 33,709,005</u>	<u>\$ 29,271,195</u>	<u>\$ 24,242,290</u>	<u>\$ 18,227,442</u>	<u>\$ 16,262,985</u>	<u>\$ 15,954,533</u>	<u>\$ 19,378,905</u>	<u>\$ 18,698,890</u>	<u>\$ 23,405,545</u>

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Primary government:										
Governmental activities:										
General government	\$ 1,896,652	\$ 2,165,072	\$ 2,009,015	\$ 2,490,131	\$ 2,197,152	\$ 2,211,266	\$ 2,470,084	\$ 2,054,613	\$ 2,468,658	\$ 2,424,138
Judicial	395,447	451,217	421,864	426,544	467,691	468,800	452,295	436,347	383,138	444,132
Public safety	8,113,227	9,213,893	9,373,021	9,806,401	10,127,843	10,193,857	9,865,376	9,590,617	8,941,842	9,852,273
Public works	2,631,811	3,691,120	5,679,502	3,034,056	4,906,720	2,818,491	1,766,343	1,611,785	2,005,906	2,329,099
Community services	353,510	282,661	107,786	-	-	-	-	-	-	-
Parks and recreation	-	164,471	207,907	330,248	443,054	447,059	495,841	523,992	473,370	522,901
Economic development	635,796	578,176	551,982	932,850	643,677	815,159	832,622	751,348	710,296	684,237
Interest on long-term debt	892,492	902,731	875,728	839,703	665,503	666,233	591,502	531,627	329,512	221,368
Issuance cost on long-term debt	-	-	-	-	-	-	-	-	183,416	-
Total governmental activities expenses	14,918,935	17,449,341	19,226,805	17,859,933	19,451,640	17,620,865	16,474,063	15,500,329	15,496,138	16,478,148
Business-type activities:										
Water and sewerage	4,540,370	5,152,911	5,954,684	6,551,474	5,961,017	6,651,946	6,690,719	7,279,343	7,137,318	-
Sanitation	1,222,409	1,148,749	1,191,681	700,470	677,006	763,164	736,123	611,799	1,063,063	1,493,200
Stormwater	-	-	-	-	-	-	55,470	223,238	1,685,368	734,022
Criminal justice management	3,737,236	3,791,596	3,813,337	3,568,864	2,889,058	3,387,775	2,372,405	365,455	-	-
Total business-type activities expenses	9,500,015	10,093,256	10,959,702	10,820,808	9,527,081	10,802,885	9,854,717	8,479,835	9,885,749	2,227,222
Total primary government expenses	24,418,950	27,542,597	30,186,507	28,680,741	28,978,721	28,423,750	26,328,780	23,980,164	25,381,887	18,705,370
Program revenues:										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,766,705	1,897,836	1,548,023	1,714,518	1,472,105	1,479,642	1,745,430	1,894,426	2,125,471	2,378,255
Judicial	115,294	87,276	155,137	158,576	128,438	137,908	130,030	77,926	43,564	61,063
Public safety	1,965,852	1,934,062	1,929,612	2,009,280	1,856,768	1,757,157	1,413,518	1,224,270	938,139	1,036,884
Public works	1,535	-	-	-	-	-	-	-	19,355	19,066
Community services	17,898	6,441	1,880	-	-	-	-	-	-	-
Parks and recreation	-	-	-	10,053	58,992	69,132	66,116	59,616	52,069	58,800
Economic development	21,090	19,980	8,924	8,917	9,585	6,425	8,790	29,430	47,051	29,773
Operating grants and contributions	677,817	658,445	1,449,588	533,300	495,636	778,084	501,184	237,834	113,940	29,930
Capital grants and contributions	-	-	110,000	50,000	98,986	461,879	270,551	213,471	386,851	545,682
Total governmental activities program revenues	\$ 4,566,191	\$ 4,604,040	\$ 5,203,164	\$ 4,484,644	\$ 4,120,510	\$ 4,690,227	\$ 4,135,619	\$ 3,736,973	\$ 3,726,440	\$ 4,159,453

(Continued)

CITY OF UNION CITY, GEORGIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services	\$ 9,736,147	\$ 8,800,053	\$ 9,961,600	\$ 8,242,375	\$ 8,750,735	\$ 10,664,099	\$ 9,733,232	\$ 8,919,049	\$ 9,202,096	\$ 10,100,193
Total business-type activities program revenues	9,736,147	8,800,053	9,961,600	8,242,375	8,750,735	10,664,099	9,733,232	8,919,049	9,202,096	10,100,193
Total primary government program revenues	14,302,338	13,404,093	15,164,764	12,727,019	12,871,245	15,354,326	13,868,851	12,656,022	12,928,536	14,259,646
Net (expense)/ revenue										
Governmental activities	(10,352,744)	(12,845,301)	(14,023,641)	(13,375,289)	(15,331,130)	(12,930,638)	(12,338,444)	(11,763,356)	(11,769,698)	(12,318,695)
Business-type activities	236,132	(1,293,203)	(998,102)	(2,578,433)	(776,346)	(138,786)	1,574,609	439,214	(683,653)	7,872,971
Total primary government net expense	(10,116,612)	(14,138,504)	(15,021,743)	(15,953,722)	(16,107,476)	(13,069,424)	(10,763,835)	(11,324,142)	(12,453,351)	(4,445,724)
General revenues and other changes in net position:										
Primary government:										
Governmental activities										
Property taxes	3,997,330	5,464,985	5,667,102	5,891,035	5,314,492	5,608,053	5,619,122	7,582,758	7,656,577	8,747,818
Sales taxes	3,096,471	3,065,531	2,628,353	2,825,733	2,753,242	3,010,345	3,015,388	4,506,448	5,051,758	5,079,836
Insurance premium tax	608,939	635,191	650,407	644,340	625,579	912,568	969,300	1,003,618	1,049,733	1,121,467
Alcoholic beverage taxes	33,807	10,595	4,117	4,860	11,754	17,208	19,393	21,659	25,439	21,220
Other taxes	283,902	305,218	323,516	275,659	229,639	311,868	341,579	415,704	457,764	453,738
Franchise taxes	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897
Unrestricted investment earnings	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119
Transfers	857,539	1,000,000	-	-	426,000	439,000	(157,492)	734,627	59,591	64,044
Total governmental activities general revenues and other changes in net position	10,904,253	12,027,846	10,434,555	10,891,526	10,496,761	11,521,637	10,971,762	15,464,443	15,514,795	16,886,139
Business-type activities										
Unrestricted investment earnings	270,630	214,256	149,378	33,291	21,867	22,330	5,320	18,698	-	22,317
Transfers	(857,539)	(1,000,000)	-	-	(426,000)	(439,000)	157,492	(734,627)	(59,591)	(64,044)
Total business-type activities general revenues and other changes in net position	\$ (586,909)	\$ (785,744)	\$ 149,378	\$ 33,291	\$ (404,133)	\$ (416,670)	\$ 162,812	\$ (715,929)	\$ (59,591)	\$ (41,727)

(Continued)

CITY OF UNION CITY, GEORGIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Change in Net Position										
Governmental activities	\$ 551,509	\$ (817,455)	\$ (3,589,086)	\$ (2,483,763)	\$ (4,834,369)	\$ (1,409,001)	\$ (1,366,682)	\$ 3,701,087	\$ 3,745,097	\$ 4,567,444
Business-type activities	<u>(350,777)</u>	<u>(2,078,947)</u>	<u>(848,724)</u>	<u>(2,545,142)</u>	<u>(1,180,479)</u>	<u>(555,456)</u>	<u>1,737,421</u>	<u>(276,715)</u>	<u>(743,244)</u>	<u>7,831,244</u>
Total primary government change in net position	<u>\$ 200,732</u>	<u>\$ (2,896,402)</u>	<u>\$ (4,437,810)</u>	<u>\$ (5,028,905)</u>	<u>\$ (6,014,848)</u>	<u>\$ (1,964,457)</u>	<u>\$ 370,739</u>	<u>\$ 3,424,372</u>	<u>\$ 3,001,853</u>	<u>\$ 12,398,688</u>

CITY OF UNION CITY, GEORGIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 536,391	\$ 400,724	\$ 284,974	\$ 1,753,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,389,748	8,151,735	7,146,163	4,050,270	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,340,966	1,069,319	294,883	299,762	374,667	371,200
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	366,464	779,072	659,313	2,913,410	6,451,766	10,052,404
Total general fund	<u>\$ 7,926,139</u>	<u>\$ 8,552,459</u>	<u>\$ 7,431,137</u>	<u>\$ 5,804,097</u>	<u>\$ 3,707,430</u>	<u>\$ 1,848,391</u>	<u>\$ 954,196</u>	<u>\$ 3,213,172</u>	<u>\$ 6,826,433</u>	<u>\$ 10,423,604</u>
All Other Governmental Funds										
Reserved	\$ 10,858,756	\$ 9,279,559	\$ 6,867,079	\$ 4,302,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	699,296	1,026,311	1,304,291	996,461	-	-	-	-	-	-
Capital projects funds	167,464	(7,697)	(7,344)	20,259	-	-	-	-	-	-
Debt service funds	1,604,255	860,914	859,846	345,518	-	-	-	-	-	-
Nonspendable, reported in:										
Special revenue funds	-	-	-	-	-	12,604	-	-	198,204	165,170
Capital projects funds	-	-	-	-	-	6,250	-	-	-	-
Restricted, reported in:										
Special revenue funds	-	-	-	-	510,589	326,324	266,446	600,367	681,707	665,886
Capital projects funds	-	-	-	-	2,350,414	1,974,957	1,148,622	957,267	1,102,894	1,047,549
Debt service funds	-	-	-	-	346,559	341,615	319,864	321,572	323,813	327,562
Assigned, reported in:										
Special revenue funds	-	-	-	-	239,065	219,307	195,904	195,904	195,858	195,745
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	(37,592)	(15,036)	(177,870)	(15,036)
Debt service fund	-	-	-	-	-	-	-	(38)	-	-
Total all other governmental funds	<u>\$ 13,329,771</u>	<u>\$ 11,159,087</u>	<u>\$ 9,023,872</u>	<u>\$ 5,664,945</u>	<u>\$ 3,446,627</u>	<u>\$ 2,881,057</u>	<u>\$ 1,893,244</u>	<u>\$ 1,915,238</u>	<u>\$ 2,324,568</u>	<u>\$ 2,242,040</u>

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF UNION CITY, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Property taxes	\$ 4,028,313	\$ 5,409,449	\$ 5,604,176	\$ 5,543,663	\$ 5,673,239	\$ 5,571,360	\$ 5,650,963	\$ 7,315,208	\$ 8,069,214	\$ 8,751,035
Other taxes	4,023,119	4,016,535	3,565,186	3,750,593	3,664,155	4,251,989	4,345,660	5,947,429	6,584,694	6,676,261
Charges for services	529,957	441,496	475,609	509,548	548,195	479,612	471,330	506,748	464,498	481,364
Licenses and permits	1,416,196	1,734,041	1,476,682	1,647,128	1,377,168	1,439,821	1,632,620	1,778,056	2,038,210	2,252,917
Intergovernmental	259,736	209,286	216,189	168,100	223,481	873,332	759,641	436,801	500,791	575,612
Franchise taxes	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897
Fines and forfeitures	1,404,991	1,414,294	1,497,840	1,589,500	1,484,361	1,404,660	1,134,879	890,810	642,156	730,864
Interest revenue	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119
Rental income	20,145	18,623	13,500	12,609	13,030	13,785	20,425	18,870	20,311	18,346
Other revenues	935,166	786,300	1,523,344	557,758	474,275	479,017	116,724	105,688	60,474	100,350
Total revenues	<u>\$ 14,643,888</u>	<u>\$ 15,576,350</u>	<u>\$ 15,533,586</u>	<u>\$ 15,028,798</u>	<u>\$ 14,593,959</u>	<u>\$ 15,736,171</u>	<u>\$ 15,296,714</u>	<u>\$ 18,199,239</u>	<u>\$ 19,594,281</u>	<u>\$ 20,984,765</u>
Expenditures										
Current:										
General government	\$ 1,870,450	\$ 2,144,343	\$ 1,973,574	\$ 2,573,528	\$ 2,174,146	\$ 2,137,715	\$ 2,050,824	\$ 1,927,849	\$ 2,152,585	\$ 2,582,460
Judicial	311,021	365,858	330,968	342,954	384,047	377,543	360,126	341,796	298,711	357,346
Public safety	8,077,135	9,090,607	8,791,779	9,625,312	9,703,075	9,673,917	9,224,427	8,825,056	8,711,449	9,155,803
Public works	1,732,434	2,202,933	1,723,615	1,713,341	1,727,828	1,574,058	1,390,823	1,423,334	1,584,853	1,799,620
Community services	268,184	282,233	107,712	-	-	-	-	-	-	-
Parks and recreation	-	93,949	118,604	245,778	376,373	338,913	368,894	374,883	359,452	384,182
Economic development	633,975	574,168	547,596	932,850	643,677	796,900	817,605	751,348	710,296	684,237
Capital outlay	1,646,088	1,711,421	4,365,198	2,533,517	4,083,991	1,576,565	1,393,579	507,667	403,015	735,032
Debt service:										
Principal	685,000	750,000	815,000	6,180,687	1,079,492	1,623,662	1,728,241	1,772,797	1,310,580	1,458,601
Interest	798,669	905,202	870,077	856,817	662,315	660,550	617,203	568,294	280,212	356,885
Bond issuance costs	-	-	-	176,033	-	-	-	-	183,416	-
Total expenditures	<u>16,022,956</u>	<u>18,120,714</u>	<u>19,644,123</u>	<u>25,180,817</u>	<u>20,834,944</u>	<u>18,759,823</u>	<u>17,951,722</u>	<u>16,493,024</u>	<u>15,994,569</u>	<u>17,514,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,379,068)</u>	<u>(2,544,364)</u>	<u>(4,110,537)</u>	<u>(10,152,019)</u>	<u>(6,240,985)</u>	<u>(3,023,652)</u>	<u>(2,655,008)</u>	<u>1,706,215</u>	<u>3,599,712</u>	<u>3,470,599</u>

(Continued)

CITY OF UNION CITY, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Bond issuance	\$ -	\$ -	\$ -	\$ 5,065,000	\$ -	\$ -	\$ -	\$ -	\$ 8,560,000	\$ -
Premium on bonds	-	-	-	101,052	-	-	-	-	525,671	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(8,902,255)	-
Capital lease	-	-	854,000	-	1,500,000	160,043	-	-	-	-
Transfers in	3,423,097	3,799,426	1,842,574	6,406,225	2,656,524	2,954,516	3,174,200	3,296,255	2,741,365	3,260,132
Transfers out	(2,565,558)	(2,799,426)	(1,842,574)	(6,406,225)	(2,230,524)	(2,515,516)	(2,401,200)	(2,561,628)	(2,681,774)	(3,196,088)
Total other financing sources (uses)	<u>857,539</u>	<u>1,000,000</u>	<u>854,000</u>	<u>5,166,052</u>	<u>1,926,000</u>	<u>599,043</u>	<u>773,000</u>	<u>734,627</u>	<u>243,007</u>	<u>64,044</u>
Net change in fund balances	<u>\$ (521,529)</u>	<u>\$ (1,544,364)</u>	<u>\$ (3,256,537)</u>	<u>\$ (4,985,967)</u>	<u>\$ (4,314,985)</u>	<u>\$ (2,424,609)</u>	<u>\$ (1,882,008)</u>	<u>\$ 2,440,842</u>	<u>\$ 3,842,719</u>	<u>\$ 3,534,643</u>
Debt service as a percentage of noncapital expenditures	<u>10.2%</u>	<u>9.7%</u>	<u>9.0%</u>	<u>30.1%</u>	<u>8.9%</u>	<u>12.9%</u>	<u>13.9%</u>	<u>14.8%</u>	<u>10.2%</u>	<u>10.6%</u>

Information prior to 2005 was not readily available.

CITY OF UNION CITY, GEORGIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Tax Year	Real Property		Personal Property		Privately Owned Public Utilities	Total Property		Total Direct Tax Rate	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property (1)	Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2007	249,023,200	272,065,280	30,956,210	23,311,420	4,923,367	580,279,477	1,450,698,693	9.50	40%
2008	265,518,110	271,062,580	35,067,121	26,254,620	5,107,421	603,009,852	1,507,524,630	9.50	40%
2009	253,414,770	282,392,890	30,541,970	27,390,550	5,570,295	599,310,475	1,498,276,188	9.50	40%
2010	219,058,430	260,266,010	24,496,587	27,643,090	5,516,443	536,980,560	1,342,451,400	9.50	40%
2011	173,847,240	261,796,790	55,138,458	25,604,340	5,532,947	521,919,775	1,304,799,438	10.24	40%
2012	239,032,283	212,541,870	50,036,827	26,687,160	6,754,886	535,053,026	1,337,632,565	10.60	40%
2013	231,138,040	202,201,910	38,398,892	27,653,800	6,905,395	506,298,037	1,265,745,093	15.60	40%
2014	230,578,430	197,923,440	29,682,537	21,982,160	7,116,549	487,283,116	1,218,207,790	15.69	40%
2015	282,555,660	201,364,940	43,726,218	14,538,020	7,250,890	549,435,728	1,373,589,320	15.69	40%
2016	272,784,560	240,231,210	93,676,001 (a)	10,305,160	6,870,151	623,867,082	1,559,667,705	15.69	40%

Source: Fulton County Tax Assessor

- (1) The assessed values for commercial property for fiscal years 2004 to 2005 are included with the residential property.
- (2) Fiscal year 2005 includes the motor vehicle personal property assessed values.
- (3) Information not available for fiscal year 2005; this value is included in the Personal Property figure.

(a) Increase is due to the relocation of Google, Inc. to Union City. This added \$37,677,981 of additional assessed value for personal property.

CITY OF UNION CITY, GEORGIA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN TAX DIGEST YEARS
(Rate per \$1,000 of assessed value)**

Tax Digest Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Millage Rates
	City of Union City			State of Georgia	Fulton County	County School System	
	Operating Millage	Debt Service	Total				
2007	4.500	5.000	9.500	0.25	20.55	18.09	48.39
2008	4.500	5.000	9.500	0.25	10.28	17.50	37.53
2009	7.508	1.992	9.500	0.25	10.28	17.50	37.53
2010	7.650	1.850	9.500	0.25	10.28	18.50	38.53
2011	8.165	2.073	10.238	0.25	10.55	18.50	39.54
2012	8.331	2.268	10.599	0.20	10.55	18.50	39.85
2013	13.178	2.420	15.598	0.15	10.48	18.50	44.73
2014	13.122	2.570	15.692	0.15	11.781	18.50	46.12
2015	13.412	2.280	15.692	0.05	10.5	18.50	44.74
2016	14.572	1.120	15.692	0.00	10.45	18.48	44.63

CITY OF UNION CITY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2007	5,081,813	4,065,772	80.01%	990,828	5,056,600	99.50%	25,213
2008	5,059,894	4,877,918	96.40%	165,637	5,043,555	99.68%	16,339
2009	5,369,912	5,048,824	94.02%	315,978	5,364,802	99.90%	5,110
2010	5,316,893	4,803,669	90.35%	450,479	5,254,148	98.82%	62,745
2011	4,759,160	4,533,053	95.25%	196,343	4,729,396	99.37%	29,764
2012	5,102,178	4,797,313	94.02%	247,031	5,044,344	98.87%	57,834
2013	5,351,680	5,235,029	97.82%	70,506	5,305,535	99.14%	46,145
2014	6,989,117	6,503,551	93.05%	425,850	6,929,401	99.15%	59,716
2015	7,011,056	6,811,199	97.15%	121,388	6,932,587	98.88%	78,469
2016	8,176,456	7,983,582	97.64%	-	7,983,582	97.64%	192,874

CITY OF UNION CITY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 251,179,239	1	40.26%			
Development Authority of Fulton County	94,963,096	2	15.22%			
Hunter Road Industrial LLC	12,365,150	3	1.98%			
Walmart Stores Inc	9,861,419	4	1.58%			
South Fulton Parkway LLC	8,659,520	5	1.39%			
Northwestern Mutual Life	8,327,480	6	1.33%			
USEF I 85 Distribution Center	7,800,000	7	1.25%			
ROC III GA Legacy Ridge LLC	7,572,120	8	1.21%			
Costco Wholesale Corp	7,278,772	9	1.17%			
BOC Acquisitions 1 LLC	6,783,280	10	1.09%			
Development Authority of Fulton County				\$ 4,662,480	1	0.81%
Development Authority of Fulton County				4,993,780	2	0.87%
WyndSOR Forest Apartments LLC				5,412,360	3	0.94%
CM Buffington Road LLC				5,969,110	4	1.04%
Costco Wholesale Corp				6,997,680	5	1.22%
South Fulton Lee Land LLC				7,228,400	6	1.26%
Thurman Investments LLC				8,000,000	7	1.39%
AEW LT Hunter Road LLC				8,068,470	8	1.40%
South Fulton Parkway LLC				8,504,720	9	1.48%
NW Mutual Life Majestic South Fulton				9,296,920	10	1.61%
	<u>\$ 414,790,076</u>		<u>66.49%</u>	<u>\$ 69,133,920</u>		<u>12.01%</u>

Note: Information for 2005 not readily available.

CITY OF UNION CITY, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Value of Taxable Property	Per Capita	Business-Type Activities		Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Lease	Notes Payable			Water Revenue Bonds	Total Primary Government			
2007	14,845,000	3,965,000	-	-	1.30%	1,009.34	5,880,000	24,690,000	1.70%	6.86%	1,324.86
2008	14,275,000	3,785,000	-	-	1.20%	1,076.86	5,470,000	23,530,000	1.56%	7.27%	1,403.02
2009	13,665,000	3,580,000	854,000	-	1.21%	1,067.10	5,040,000	23,139,000	1.54%	7.07%	1,364.25
2010	12,900,000	3,310,000	773,313	-	1.27%	1,001.32	-	16,983,313	1.27%	5.30%	1,001.32
2011	12,190,000	3,015,000	2,198,821	-	1.33%	894.52	-	17,403,821	1.33%	4.74%	894.52
2012	11,470,000	2,730,000	1,628,305	111,897	1.19%	793.87	11,275,000	27,215,202	2.03%	7.35%	1,355.41
2013	10,715,000	2,410,000	1,049,170	38,464	1.12%	693.27	10,840,000	25,052,634	1.98%	6.64%	1,222.02
2014	10,025,521	2,060,000	459,164	-	1.03%	613.19	10,400,000	22,944,685	1.88%	6.50%	1,121.55
2015	9,963,689	1,675,000	373,584	-	0.87%	592.91	9,827,833	21,840,106	1.59%	6.25%	1,077.99
2016	8,924,160	1,255,000	284,983	-	0.67%	502.96	9,379,531	19,843,674	1.27%	5.75%	953.79

CITY OF UNION CITY, GEORGIA

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	Population	Property Assessed Value	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Restricted Debt Service Funds	Net Bonded Debt		
2007	18,636	580,279,477	14,845,000	965,825	13,879,175	2.39%	744.75
2008	16,771	603,009,852	14,275,000	2,207,468	12,067,532	2.00%	719.55
2009	16,961	599,310,475	13,665,000	1,219,369	12,445,631	2.08%	733.78
2010	16,961	536,980,560	12,900,000	1,161,632	11,738,368	2.19%	692.08
2011	19,456	521,919,775	12,190,000	792,417	11,397,583	2.18%	585.81
2012	20,079	535,053,026	11,470,000	786,676	10,683,324	2.00%	532.06
2013	20,501	506,298,037	10,715,000	350,864	10,364,136	2.05%	505.54
2014	20,458	487,283,116	10,025,521	351,615	9,673,906	1.99%	472.87
2015	20,260	549,435,728	9,963,689	323,813	9,639,876	1.75%	475.81
2016	20,805	623,867,082	8,924,160	327,720	8,596,440	1.38%	413.19

CITY OF UNION CITY, GEORGIA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 57,582,113	\$ 60,300,985	\$ 59,931,048	\$ 53,698,056	\$ 52,191,978	\$ 56,858,181	\$ 49,493,881	\$ 48,728,312	\$ 54,943,573	\$ 62,386,708
Total net debt applicable to limit	17,196,729	17,199,086	16,383,154	15,048,433	14,412,583	13,413,324	12,774,136	12,223,113	11,314,876	9,851,440
Legal Debt Margin	<u>\$ 40,385,384</u>	<u>\$ 43,101,899</u>	<u>\$ 43,547,894</u>	<u>\$ 38,649,623</u>	<u>\$ 37,779,395</u>	<u>\$ 43,444,857</u>	<u>\$ 36,719,745</u>	<u>\$ 36,505,199</u>	<u>\$ 43,628,697</u>	<u>\$ 52,535,268</u>
Total net debt applicable to the limit as a percentage of debt limit	29.86%	28.52%	27.34%	28.02%	27.61%	23.59%	25.81%	25.08%	20.59%	15.79%
Assessed Value										\$ 623,867,082
Debt limit (10% of assessed value)										62,386,708
Debt applicable to limit:										
General obligation bonds and certificates of participation										10,179,160
Less: Amount set aside for repayment of general obligation debt										<u>(327,720)</u>
Total net debt applicable to limit										<u>9,851,440</u>
Legal debt margin										<u>\$ 52,535,268</u>

NOTE: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

CITY OF UNION CITY, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2016**

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ^(a)	Amount Applicable to the City of Union City
Fulton County, Georgia- Overlapping Debt			
Certificates of Participation	\$ 72,035,000	1.08%	\$ 776,695
Library General Obligation Bonds	146,770,000	1.08%	1,582,501
Economic Recovery Zone Bonds	23,243,000	1.08%	250,610
Fulton County School District - Overlapping Debt	71,840,000	1.08%	<u>774,592</u>
Subtotal, overlapping debt			3,384,398
South Fulton Regional Jail Authority			12,455,000
City of Union City, Georgia - Direct Debt			10,179,160
City of Union City, Georgia - Capital Leases			<u>284,983</u>
Total Direct and Overlapping Debt			<u><u>\$ 26,303,541</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2014) and City Finance Departments.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Union City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

^(a) The percentage of overlapping debt applicable is estimated using the assessed gross digest. Applicable percentages were estimated by determining the portion of the City's assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

CITY OF UNION CITY, GEORGIA

**PLEGGED-REVENUE COVERAGE
LAST TEN YEARS**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2007	4,478,241	3,595,272	882,969	390,000	319,810	1.24
2008	4,219,013	3,411,018	807,995	410,000	300,832	1.14
2009	4,889,828	4,264,770	625,058	-	345,163	1.81
2010	4,952,379	5,026,404	(74,025)	5,040,000 (1)	168,114	(0.01)
2011	5,560,899	4,443,345	1,117,554	-	-	-
2012	6,708,111	4,532,630	2,175,481	-	77,637 (2)	28.02
2013	6,511,408	4,473,675	2,037,733	435,000	358,325	2.57
2014	6,509,855	4,566,858	1,942,997	440,000	349,626	2.46
2015	6,919,542	4,402,107	2,517,435	450,000	342,466	3.18
2016	7,445,937	4,982,333	2,463,604	460,000	341,989	3.07

(1) Bonds were paid off in 2010

(2) 2012 Series Bond issued during FY 2012

NOTES:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Utility service charges include tap fees, but exclude interest.

Operating expenses do not include interest, depreciation, or amortization expense.

CITY OF UNION CITY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Unemployment Rate ⁽²⁾	School Enrollment ⁽³⁾
2007	18,636	359,805,252	19,307	32.2	5.10%	1,294
2008	16,771	323,797,697	19,307	32.2	7.60%	1,269
2009	16,961	327,466,027	19,307	32.2	10.30%	1,252
2010	16,961	320,155,836	18,876	32.2	10.30%	1,252
2011	19,456	367,251,456	18,876	30.5	8.10%	1,252
2012	20,079	370,457,550	18,450	30.5	8.40%	1,252
2013	20,501	377,525,915	18,415	30.5	8.10%	1,288
2014	20,458	352,941,416	17,252	30.5	8.10%	1,288
2015	20,260	349,525,520	17,252	30.0	6.24%	3,547
2016	20,805	345,175,755	16,591	30.4	5.00%	3,547

Sources:

- (1) U.S. Census Bureau
- (2) Georgia Department of Labor
- (3) Clayton County Board of Education

CITY OF UNION CITY, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Business	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal Mart	550	1	7.75%			
Kraft Foods	335	2	4.72%			
Premier Club Apartments	251	3	3.54%			
Amazon	246	4	3.46%			
Christian City Retirement Center	236	5	3.32%			
Newell Rubbermain Inc	219	6	3.08%			
Atlanta Check Cashing	190	7	2.68%			
The Kroger Co.	172	8	2.42%			
Universal Forest Products Inc	162	9	2.28%			
GE Energy Parts	140	10	1.97%			
Christian City Retirement Center				460	1	10.00%
Universal Forest Products Inc				225	2	4.89%
Walmart Super Center				200	3	4.35%
Gene Evans Team Ford				195	4	4.24%
City of Union City				192	5	4.17%
Bill Heard Chevrolet of Union City				130	6	2.83%
The Kroger Co.				125	7	2.72%
Lexus of South Atlanta				100	8	2.17%
Steve Rayman Chrysler Jeep				80	9	1.74%
Don Jackson of Lincoln Mercury				75	10	1.63%

Note: 2006 data is the most recent available information.
Source: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Administration	3	3	3	2	1	3	3	3	2	2
City Clerk	6	7	7	2	2	2	2	2	1	2
Finance	9	8	10	4	4	4	4	4	5	6
Finance- water and sewer				5	5	6	6	5	4	4
Human Resources	2	2	2	2	2	1	2	2	1	2
Information Technology	-	-	-	-	1	2	2	2	1	1
Judicial										
Municipal Court	3	4	4	4	4	4	4	4	4	4
Health & Welfare										
Leisure Services	1	1	1	-	-	-	-	-	-	-
Housing & Development										
Planning Department	4	4	3	3	3	2	1	2	3	3
Public Safety										
Police	48	67	61	62	61	61	57	54	58	65
Fire	33	47	48	52	49	51	46	46	47	50
Jail	53	50	48	44	50	42	-	1	1	1
E-911 Communications	10	11	12	10	10	9	10	8	-	-
Public Works										
Building & Grounds	2	2	3	3	3	4	3	3	1	4
Code Enforcement	2	4	4	4	4	4	4	3	2	3
Roads & Bridges	11	17	17	20	17	16	12	13	13	14
Water & Sewer	14	12	12	12	10	9	10	10	9	9
Parks and Recreation	-	3	3	3	3	6	6	5	4	5
Operations	-	-	-	1	2	-	-	1	1	1
Total	201	242	238	233	231	226	172	168	157	176

Source: Human Resources

Notes: All full-time employees, except fire employees, are scheduled to work 2,080 hours per year (including vacation and sick). Fire Department employees are scheduled to work 2,750 hours per year (including sick and vacation).

CITY OF UNION CITY, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire										
Inspections Conducted	547	770	817	720	948	948	998	879	756	3
Police										
Number of Law Violations										
Physical Arrests	940	1,801	2,742	2,256	2,437	2,437	1,816	1,028	1,263	907
Traffic and Parking Violations	12,802	16,089	16,550	12,597	15,006	15,006	8,673	6,257	6,067	5,078
Public Service - Sewerage System										
Daily Average Treatment in Gallons	1,731,000	1,740,000	1,500,000	1,663,372	1,553,414	1,553,414	1,922,000	1,922,000	1,922,000	1,922,000
Max. Daily Capacity of Plant in Gallons	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	3,713,000	3,713,000	3,713,000	3,713,000
Service Connections	4,415	4,074	4,500	4,500	4,206	4,206	4,100	4,100	4,100	4,100
Public Service - Streets										
Highway and Streets Resurfacing	17	18	21	15	17	17	6	5	3	2
Public Service - Water System										
Daily Average Consumption in Gallons	1,699,104	1,170,000	1,180,000	1,180,000	1,200,000	1,200,000	1,110,000	1,110,000	1,110,000	1,200,000
Max. Daily Capacity of Plant in Gallons	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased
Service Connections	4,427	4,460	4,500	4,500	4,523	4,523	4,500	4,506	4,506	4,506

NOTE: Indicators are not available for the general government or culture and recreation functions.

NOTE: Departments maintain statistical information on a calendar-year basis.

SOURCE: Various City Departments

CITY OF UNION CITY, GEORGIA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Culture and Recreation</i>										
Park Acreage	22	22	22	22	22	34	34	34	34	34
Parks	2	2	2	2	2	2	2	2	2	2
Tennis Courts	0	0	0	0	0	0	0	0	0	0
Baseball Fields	2	2	2	2	2	2	5	5	5	5
Community Centers & Depot	2	2	2	2	2	2	2	2	2	2
<i>Fire</i>										
Fire Stations	2	2	2	3	3	3	3	3	3	3
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	30	30	48	48	48	48	48	56	56	64
Patrol Zones	5	5	4	5	5	5	5	5	5	5
<i>Public Service - Sewerage System</i>										
Sanitary Sewer (Miles)	76.0	76.0	76.0	79.9	79.9	79.9	79.9	90	90	90
Treatment Plants	0	0	0	0	0	0	0	0	0	0
<i>Public Service - Streets</i>										
Streets (Miles)	90.0	90.0	90.0	115.1	115.1	115.1	115.1	115.7	115.7	115.7
Streets (Lights)	912	912	912	912	912	1,068	1,188	1,188	1,188	1,223
<i>Public Service - Water System</i>										
Water Mains (Miles)	68	68	68	69	69	69	68	80	80	80
Number of Fire Hydrants	565	565	796	538	540	540	565	591	591	591

SOURCE: Various City Departments

COMPLIANCE SECTION



**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 Honorable Mayor and Members
of the City Council
Union City, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia (the "City"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 15, 2017.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
February 15, 2017

CITY OF UNION CITY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

A single audit was not performed for the fiscal year ended August 31, 2016 due to the City not expending \$750,000 in federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF UNION CITY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.