



2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For year ended August 31, 2019

www.unioncityga.org



CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2019

Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

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INTRODUCTORY SECTION



THE CITY OF
UNION CITY
GEORGIA

March 26, 2020

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, 2019.

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, 2019, 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, 2019, 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 20,500. 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 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, community 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, 2019, by the Mayor and Council.

Financial Position and Future Prospects

Union City is strategically located near Hartsfield Jackson Atlanta International Airport (HJAIA) and has great accessibility to three major interstate highways: I-20, I-75, and I-85, all of which provide superior logistical connectivity to cities in the southeastern region of the U.S., including Union City the older highway, US Hwy 29, locally known as Roosevelt Highway, links Union City to College Park, the airport, and Atlanta to the northeast as well as Fairburn and Palmetto to the southwest. SR-138, locally known as Jonesboro Road, connects Union City to Riverdale and Jonesboro to the southeast, and the Chattahoochee River and Douglasville to the northwest.

In 2015, Georgia Domestic Trade totaled \$430 billion of which \$179 billion comes from interstate Trade. Georgia Domestic Trade is projected to grow 46% over the next 25 years to \$625 billion indicating that close proximity to Georgia's major interstate highways will continue supplying substantial growth along these corridors.

Likewise, as Union City is located 15 minutes southwest of Atlanta's airport, it is perfectly sited next to the busiest transit hub in the world. This ideal location means that Union City is destined for exponential growth over the next 20 years. The City can leverage its location to access a portion of the over 100 million passengers that HJAIA services annually.

The three major components of Georgia's economy are interstate highways, the deep-water port of Savannah, and HJAIA, all of which converge at the southwest I-285/I-85 interchange making the greater Atlanta area the largest transportation hub in the Southeast. Therefore, this is a critical time and an amazing opportunity in the development of Union City to plan for effective growth in a dynamic future.

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 Grady Health System, Jaguar, ASOS, Proctor and Gamble, Coca Cola, the Walmart Distribution Ecommerce facility, and Amazon. Due to the booming entertainment industry in the State, Union Station, an obsolete mall, was demolished and in its place now is one of our state's largest film studios, Atlanta Metro Studios of Union City. The economic impact of the movie industry in Georgia is \$6 billion. This development continues to provide the City with ability 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. Union City maintains 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 2020, Union City received grants for public safety, sidewalks, 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, 2019. 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 seventeenth 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', written in a cursive style.

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

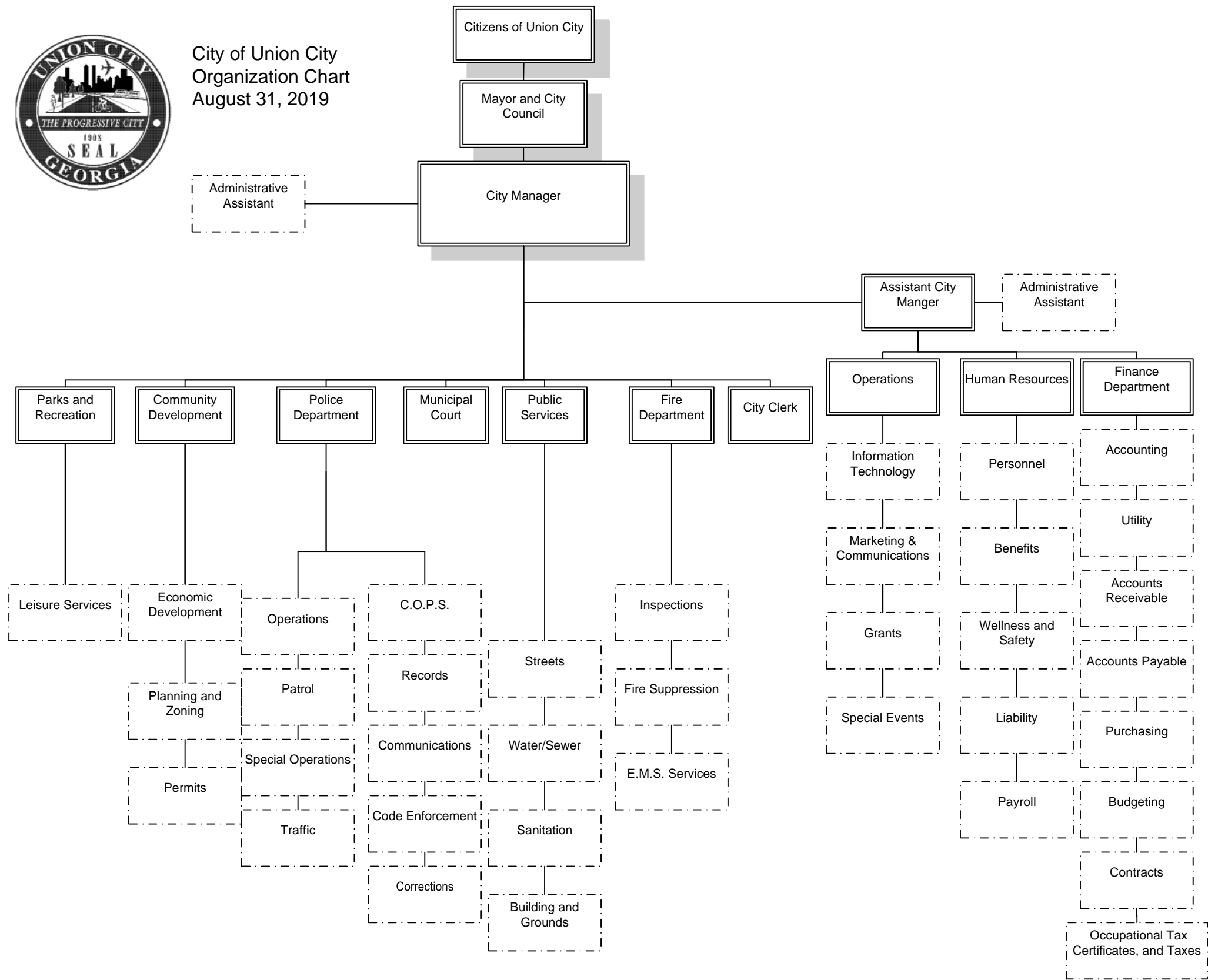
August 31, 2018

Christopher P. Morill

Executive Director/CEO



City of Union City
 Organization Chart
 August 31, 2019



CITY OF UNION CITY, GEORGIA

LIST OF PRINCIPAL OFFICIALS AUGUST 31, 2019

Elected Officials

Vince Williams, Mayor

City Council

Christina Hobbs

Brian K. Jones

Angelette Mealing

Shayla J. Nealy

Appointed Officials

City Manager

Sonja Fillingame

City Clerk

Shandrella Jewett

Chief of Police

Cassandra Jones

Chief of Fire Administration

Joe Maddox

Director of Public Services

Lonnie Ferguson

Directors

Assistant City Manager

Tarsha Calloway

Director of Community Development

Ellis Still

Director of Human Resources

Linda Goodman

Comptroller

Crystal Lazarus

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, 2019, 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, 2019, 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 ("MD&A") (on pages 4 through 14), 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 ("GASB"), 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 March 26, 2020, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Union City, Georgia's 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
March 26, 2020

CITY OF UNION CITY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

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, 2019. 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 2019 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,162,677 (net position).
- The City's total net position increased by \$10,830,737 or 25.59%.
- As of the close of the current fiscal year, the City's governmental activities reported ending net position of \$40,007,246, an increase of \$10,947,062 from the prior year.
- The City's General Fund reported a positive fund balance of \$20,120,781 which represents 109% of the current year expenditures.
- The South Fulton Municipal Regional Jail Authority, a component unit of the City, sold the jail facility to Fulton County, Georgia, thereby relieving the City of any obligation on outstanding bonds issued by the Authority.
- General Fund results were \$7,426,170 better than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis ("MD&A") 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 15 and 16.

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 17 – 22.

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 23 – 26.

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 15 and 16):

City of Union City's Net Position August 31, 2019 and 2018

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 40,224,392 | \$ 35,118,754 | \$ 10,206,661 | \$ 10,445,635 | \$ 50,431,053 | \$ 45,564,389 |
| Capital assets, net | 24,165,550 | 18,647,596 | 13,615,601 | 14,341,848 | 37,781,151 | 32,989,444 |
| Total assets | <u>64,389,942</u> | <u>53,766,350</u> | <u>23,822,262</u> | <u>24,787,483</u> | <u>88,212,204</u> | <u>78,553,833</u> |
| Deferred outflows of resources | <u>2,705,044</u> | 1,946,987 | <u>159,895</u> | 108,632 | <u>2,864,939</u> | 2,055,619 |
| Other liabilities | 12,134,705 | 11,248,000 | 2,751,032 | 3,061,259 | 14,885,737 | 14,309,259 |
| Long-term liabilities outstanding | <u>13,701,072</u> | 14,133,224 | <u>7,992,041</u> | 8,476,276 | <u>21,693,113</u> | 22,609,500 |
| Total liabilities | <u>25,835,777</u> | <u>25,381,224</u> | <u>10,743,073</u> | <u>11,537,535</u> | <u>36,578,850</u> | <u>36,918,759</u> |
| Deferred inflows of resources | <u>1,251,963</u> | 1,271,929 | <u>83,653</u> | 86,824 | <u>1,335,616</u> | 1,358,753 |
| Net position: | | | | | | |
| Net investment in capital assets | 12,268,365 | 9,461,603 | 5,797,207 | 6,296,865 | 18,065,572 | 15,758,468 |
| Restricted | 13,516,860 | 6,624,974 | 1,374,641 | 1,449,250 | 14,891,501 | 8,074,224 |
| Unrestricted | 14,222,021 | 12,973,607 | 5,983,583 | 5,525,641 | 20,205,604 | 18,499,248 |
| Total net position | <u>\$ 40,007,246</u> | <u>\$ 29,060,184</u> | <u>\$ 13,155,431</u> | <u>\$ 13,271,756</u> | <u>\$ 53,162,677</u> | <u>\$ 42,331,940</u> |

Financial Position

The total net position of the City increased 10,830,737, or 25.6%, from \$42,331,940 to \$53,162,677 as noted in the table above. The increase is primarily the result of better than budgeted balances in the General Fund and management's 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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,403,689 | \$ 3,893,580 | \$ 10,878,717 | \$ 10,998,827 | \$ 15,282,406 | \$ 14,892,407 |
| Operating grants and contributions | - | 55,636 | - | - | - | 55,636 |
| Capital grants and contributions | 1,673,477 | 918,282 | - | - | 1,673,477 | 918,282 |
| General revenues: | | | | | | |
| Property taxes | 12,773,085 | 11,459,372 | - | - | 12,773,085 | 11,459,372 |
| Sales taxes | 9,411,819 | 8,943,451 | - | - | 9,411,819 | 8,943,451 |
| Franchise taxes | 1,506,941 | 1,398,275 | - | - | 1,506,941 | 1,398,275 |
| Other taxes | 2,062,315 | 1,810,050 | - | - | 2,062,315 | 1,810,050 |
| Unrestricted investment earnings | 658,402 | 94,706 | 30,804 | 18,268 | 689,206 | 112,974 |
| Total revenues | 32,489,728 | 28,573,352 | 10,909,521 | 11,017,095 | 43,399,249 | 39,590,447 |
| Expenses | | | | | | |
| General government | 5,300,953 | 3,781,555 | - | - | 5,300,953 | 3,781,555 |
| Judicial | 490,390 | 426,489 | - | - | 490,390 | 426,489 |
| Public safety | 11,417,818 | 10,396,662 | - | - | 11,417,818 | 10,396,662 |
| Public works | 3,212,888 | 2,207,629 | - | - | 3,212,888 | 2,207,629 |
| Parks and recreation | 938,851 | 554,589 | - | - | 938,851 | 554,589 |
| Economic development | 934,250 | 852,933 | - | - | 934,250 | 852,933 |
| Interest on long-term debt | 437,610 | 436,104 | - | - | 437,610 | 436,104 |
| Water and Sewer | - | - | 7,797,294 | 7,261,987 | 7,797,294 | 7,261,987 |
| Sanitation | - | - | 1,538,470 | 1,611,225 | 1,538,470 | 1,611,225 |
| Stormwater | - | - | 499,988 | 231,166 | 499,988 | 231,166 |
| Total expenses | 22,732,760 | 18,655,961 | 9,835,752 | 9,104,378 | 32,568,512 | 27,760,339 |
| Increase in net position before transfers | 9,756,968 | 9,917,391 | 1,073,769 | 1,912,717 | 10,830,737 | 11,830,108 |
| Transfers | 1,190,094 | 261,290 | (1,190,094) | (261,290) | - | - |
| Change in net position | 10,947,062 | 10,178,681 | (116,325) | 1,651,427 | 10,830,737 | 11,830,108 |
| Net position, beginning of year | 29,060,184 | 18,881,503 | 13,271,756 | 11,620,329 | 42,331,940 | 30,501,832 |
| Net position, end of year | \$ 40,007,246 | \$ 29,060,184 | \$ 13,155,431 | \$ 13,271,756 | \$ 53,162,677 | \$ 42,331,940 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

As noted in the table on the preceding page, governmental revenues increased \$3,916,376, or 13.71%. The more significant increases were sales taxes which include Local Option Sales Taxes ("LOST") and Transportation Special Purpose Local Option Sales Taxes ("TSPLOST") which increased \$468,356, or 5.24% as a result of improvements in the local retail economy. Property taxes increased \$1,313,713, or 11.46%, due to increased assessed property values and commercial growth. Charges for services increased \$510,109, or 13.1% primarily because of a \$374,792 increase in plan review fees combined with a \$139,172 increase in fines and forfeitures. Capital grants and contributions increased \$755,195, or 82.24% because of additional activity related to Georgia Department of Transportation grants.

In total, governmental expenses increased \$4,076,799 or 21.85% over the prior year. General Government expenses increased \$1,519,398 or 40.18% for a number of reasons including \$254,000 spent for professional services for master planning; approximately \$130,000 for additional building repair expense; approximately \$780,000 increase in non-capitalizable assets reclassified as general government expenses; and approximately \$238,000 increase in accrued liability claims. Public safety expenses increased \$1,021,156 or 9.82% because of additional positions supported by federal grants along with increases in benefits and operating supplies. Parks and recreation expense increased \$384,262 or 69.29% because of increases in staff and related benefits and increased depreciation related to new facilities. Changes in other categories of expense were not significant.

Business-Type Activities

Net position for business-type activities decreased \$116,325 or less than 1%. The Water and Sewer Fund reported an increase in net position of \$41,146; the Criminal Justice Management Fund had a decrease in net position of \$504,496 as this fund was closed as of year-end and any residual balances were transferred to the General Fund; the Stormwater Fund had an increase in net position of \$213,150; and the Sanitation Fund had an increase in net position of \$133,875.

The Water and Sewer Fund had net operating income of \$1,833,777; \$2,742,125; and \$1,670,315; for 2019, 2018 and 2017, respectively. Operating income decreased \$908,348 in 2019 compared to 2018. Contributing to this decrease were decreases in other charges revenue of \$144,619 or 19.4% as there was a slowdown in new sewer connections; Contracted service expenses increased \$462,733 or 21.2% and included \$117,000 expenses for outside meter technician as well as \$165,000 increases in sewer charges from Fulton County; water sales decreased slightly by \$107,462 or 1.5% and water purchases increased \$186,024 or 8%. 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 \$1,516,551; \$1,607,071; and \$1,459,221; for 2019, 2018 and 2017, respectively. (See Note 14, pages 60 and 61).

The Criminal Justice Management Fund had net operating income of \$416,183; \$200,986; and \$95,730; for 2019, 2018 and 2017, respectively. Because of continuing losses prior to 2013, the City ceased operating the facility. Beginning August 2013, the City leased the jail facility to the Fulton County Sheriff department under an annual lease agreement. The facility was sold to Fulton County in October 2018 and all residual fund balances were transferred to the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Stormwater Fund had net operating income of \$349,410; \$566,493; and \$443,463; for 2019, 2018 and 2017 respectively. Operating income decreased from 2018 to 2019 primarily because outsourced professional services increased by \$281,000 related to city wide stormwater planning.

Sanitation Fund. 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 \$267,030; \$311,730; and \$231,240; for 2019, 2018 and 2017, respectively.

Financial Analysis of the City's Funds

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

Governmental Fund Balance and Proprietary Net Position – Major Funds

The City's combined fund balances as of the end of the current year for governmental funds, presented on pages 19 and 20, are \$33,470,075. This balance represents an increase of \$4,133,467 or 14.1% from last year's ending balance. The tables below reflect changes in governmental fund balances.

The General Fund's fund balance has increased \$949,209 or 4.95% as the City continues to build reserves for funding future capital projects and as a hedge against future economic disruptions. The General Obligation Bond Fund's fund balance decreased \$3,393,320 or 100% as the City spends the related bond proceeds. The T-SPLOST Fund's fund balance has increased \$2,666,499 or 58.1% as the City collects T-SPLOST proceeds for transportation projects projected to start in future fiscal years.

City of Union City Major Funds' Fund Balances and/or Net Position August 31, 2019

| | <u>2019</u> | <u>2018</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|----------------------|----------------------|--------------------|-----------------|
| Governmental Major Funds' Fund Balances | | | | |
| General Fund | \$ 20,120,781 | \$ 19,171,482 | \$ 949,299 | |
| General Obligation Bonds Fund | (23,211) | 3,370,109 | (3,393,320) | |
| T-SPLOST Fund | 7,255,618 | 4,589,119 | 2,666,499 | |
| Capital Grants Fund | (299,301) | - | (299,301) | |
| Total Governmental Major Funds' Fund Balances | <u>\$ 27,053,887</u> | <u>\$ 27,130,710</u> | <u>\$ (76,823)</u> | <u>(0.28) %</u> |
| Proprietary Major Funds' Net Position | | | | |
| Water and Sewer Fund | \$ 9,787,069 | \$ 9,745,923 | \$ 41,146 | |
| Stormwater Fund | 2,469,207 | 2,256,057 | 213,150 | |
| Total Proprietary Major Funds' Net Position | <u>\$ 12,256,276</u> | <u>\$ 12,001,980</u> | <u>\$ 254,296</u> | <u>2.12 %</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$2,120,972 as compared to \$5,397,592 in the prior year. Governmental revenues increased \$2,977,236 or 10.43%. Property taxes increased \$1,276,063 or 11.16% due to increases in property values and additional commercial development within the City. Sales taxes increased \$468,368 or 5.24% as the local retail economy continues to improve. Charges for services increased \$308,974, or 55.36%, and is primarily related to increases in site plan review fees. Intergovernmental revenue decreased \$201,931, or 20.73%, as collection of revenues on certain federal grants was delayed. Interest revenues increased \$563,695, or 595%, as interest rates have increased and better terms were negotiated with the City's primary banker.

Overall governmental expenditures increased \$6,253,856 or 27.01%. General government expenditures increased \$689,888 or 21.31% because of general increases in city administration costs combined with \$254,000 of additional professional services related to city wide master planning. Public safety expenditures increased \$808,448, or 8%, due to significant increases in group health costs as well as significant increases in operating supplies. Public works expenditures increases \$967,569, or 54.25%, due to increases in outsourced professional services and site improvements. Parks and recreation expenditures increased \$289,543, or 60.65%, due to increases in personnel and related benefits. Capital outlay increased \$3,928,826, or 101.52%, and included a community center building as well as various infrastructure projects. Debt service principal and interest decreased \$552,579, or 28.10%, and \$15,318, or 2.95%, respectively, as certain bond payments were completed in the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Governmental Fund Balance August 31, 2019

| | 2019 | 2018 | \$ Change | % Change |
|--|---------------------|---------------------|-----------------------|----------------|
| Revenues | | | | |
| Property taxes | \$ 12,714,288 | \$ 11,438,225 | \$ 1,276,063 | 11.16 % |
| Sales taxes | 9,411,819 | 8,943,451 | 468,368 | 5.24 |
| Other taxes | 2,062,315 | 1,810,049 | 252,266 | 13.94 |
| Charges for services | 867,050 | 558,076 | 308,974 | 55.36 |
| Licenses and permits | 2,649,636 | 2,630,270 | 19,366 | 0.74 |
| Intergovernmental | 771,987 | 973,918 | (201,931) | (20.73) |
| Franchise fees | 1,506,941 | 1,398,275 | 108,666 | 7.77 |
| Fines and forfeitures | 729,045 | 589,873 | 139,172 | 23.59 |
| Interest revenue | 658,402 | 94,707 | 563,695 | 595.20 |
| Rental income | 22,436 | 30,822 | (8,386) | (27.21) |
| Other revenue | 135,522 | 84,539 | 50,983 | 60.31 |
| Total revenues | <u>31,529,441</u> | <u>28,552,205</u> | <u>2,977,236</u> | <u>10.43</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,926,810 | 3,236,922 | 689,888 | 21.31 |
| Judicial | 397,435 | 340,609 | 56,826 | 16.68 |
| Public safety | 10,915,831 | 10,107,383 | 808,448 | 8.00 |
| Public works | 2,750,999 | 1,783,430 | 967,569 | 54.25 |
| Parks and recreation | 766,940 | 477,397 | 289,543 | 60.65 |
| Planning and economic development | 934,250 | 852,933 | 81,317 | 9.53 |
| Capital outlay | 7,799,011 | 3,870,185 | 3,928,826 | 101.52 |
| Debt service: | | | | |
| Principal (net of refunding) | 1,413,753 | 1,966,332 | (552,579) | (28.10) |
| Interest | 503,440 | 518,758 | (15,318) | (2.95) |
| Bond issuance costs | - | 664 | (664) | (100.00) |
| Total expenditures | <u>29,408,469</u> | <u>23,154,613</u> | <u>6,253,856</u> | <u>27.01</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,120,972</u> | <u>5,397,592</u> | <u>(3,276,620)</u> | <u>(60.71)</u> |
| Other financing sources | | | | |
| Capital leases | 822,401 | 426,365 | 396,036 | |
| Net transfers | 1,190,094 | 261,290 | 928,804 | |
| Total other financing sources | <u>2,012,495</u> | <u>687,655</u> | <u>1,324,840</u> | |
| Net change in fund balance | <u>\$ 4,133,467</u> | <u>\$ 6,085,247</u> | <u>\$ (1,951,780)</u> | <u>32.07 %</u> |

The 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's business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated \$22,191,707 of revenues to cover expenditures of \$21,817,550 and net transfers out of \$6,851,028. Actual results were \$7,426,170 better than projected.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 22.

- For the General Fund, the actual revenues were \$4,059,222 better than the final budget. Revenues were budgeted at \$22,191,707 and actual revenues were \$26,250,929. Property taxes were \$1,907,303 better than budgeted due to increases in property values and additional development. Sales taxes and other taxes were \$617,529 and \$191,243, respectively, better than budgeted due to improvements in the local economy. Charges for services were \$399,664 better than budgeted because site plan review fees were almost \$400,000 better than projected. Licenses and permits were \$283,636 better than budgeted due to significant increases in business licenses and building permits. Fines and forfeitures were \$133,105 less than budgeted due penalties being assessed using community service as opposed to cash penalties. Interest revenues were \$543,453 better than budgeted due to increases in interest rates and better terms negotiated with the City's primary banker.
- Actual expenditures of \$18,424,108 were \$3,393,442 less than the budgeted amount of \$21,817,550 as management continues to be very conservative in their budgeting. General government expenditures were \$1,045,990 better than budgeted primarily because a contingency budget of \$357,948 was not utilized and the general operations department was \$374,610 under budget because certain contractual services were not required. Public safety expenditures were \$1,334,202 better than budgeted because of vacancies in the police and fire departments. Public works expenditures were \$598,277 better than budgeted because certain outsourced professional services were not required.

Capital Asset and Debt Administration

Capital Assets

The City has invested \$37,781,151 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, 2019**

| | Governmental Activities | | Business -type Activities | | Total | |
|--|-------------------------|----------------------|---------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 691,851 | \$ 691,851 | \$ 493,194 | \$ 493,194 | \$ 1,185,045 | \$ 1,185,045 |
| Construction in progress | 3,130,961 | 3,593,425 | 108,686 | - | 3,239,647 | 3,593,425 |
| Buildings, grounds and improvements | 11,617,243 | 5,621,451 | 8,333,801 | 8,718,157 | 19,951,044 | 14,339,608 |
| Machinery and equipment | 248,611 | 211,448 | 179,159 | 173,221 | 427,770 | 384,669 |
| Infrastructure | 6,881,016 | 7,014,700 | 652,930 | 692,409 | 7,533,946 | 7,707,109 |
| Intangibles | - | - | 3,810,119 | 4,214,325 | 3,810,119 | 4,214,325 |
| Vehicles | 1,595,868 | 1,514,721 | 37,712 | 50,542 | 1,633,580 | 1,565,263 |
| Total | \$ 24,165,550 | \$ 18,647,596 | \$ 13,615,601 | \$ 14,341,848 | \$ 37,781,151 | \$ 32,989,444 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total capital asset additions for 2019 were \$6,706,131 compared to \$3,569,258 in 2018.

Long-Term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$11,928,941 and \$8,045,000 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, 2019

| | Governmental Activities | | Business -type Activities | | Total | |
|---|-------------------------|----------------------|---------------------------|---------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds backed by property taxes | \$ 11,270,000 | \$ 12,095,000 | \$ - | \$ - | \$ 11,270,000 | \$ 12,095,000 |
| Revenue bonds | - | - | 8,045,000 | 8,540,000 | 8,045,000 | 8,540,000 |
| Capital lease | 658,941 | 425,293 | - | - | 658,941 | 425,293 |
| | <u>\$ 11,928,941</u> | <u>\$ 12,520,293</u> | <u>\$ 8,045,000</u> | <u>\$ 8,540,000</u> | <u>\$ 19,973,941</u> | <u>\$ 21,060,293</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 City's strategic location and improving economic conditions has led to the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution E-commerce facility, Amazon, and Atlanta Metro Studios of Union City. Millage rates for property taxes were set at 14.326 mills for the fiscal year 2019.

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, City Hall, 5047 Union Street, Union City, Georgia 30291 or by calling (770) 964-2288.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF NET POSITION
AUGUST 31, 2019**

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|--------------------------|--|
| | Governmental Activities | Business-type Activities | Total Primary Government | South Fulton Municipal Regional Jail Authority |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 36,238,312 | \$ 6,499,988 | \$ 42,738,300 | \$ 32,344 |
| Investments | 107,329 | 322,535 | 429,864 | - |
| Taxes receivable | 294,458 | - | 294,458 | - |
| Accounts receivable, net of allowances | - | 2,147,460 | 2,147,460 | - |
| Internal balances | 32,165 | (32,165) | - | - |
| Due from component unit | - | 32,344 | 32,344 | - |
| Due from other governments | 2,067,713 | - | 2,067,713 | - |
| Intergovernmental receivable from Fulton County | - | - | - | 12,825,000 |
| Due from others | 343,396 | - | 343,396 | - |
| Inventory | 6,850 | 35,463 | 42,313 | - |
| Prepaid expenses | 521,601 | - | 521,601 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 612,568 | 1,085,178 | 1,697,746 | - |
| Investments | - | 115,858 | 115,858 | - |
| Capital assets: | | | | |
| Nondepreciable | 3,822,812 | 601,880 | 4,424,692 | - |
| Depreciable, net of accumulated depreciation | 20,342,738 | 13,013,721 | 33,356,459 | - |
| Total assets | <u>64,389,942</u> | <u>23,822,262</u> | <u>88,212,204</u> | <u>12,857,344</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 2,392,996 | 159,895 | 2,552,891 | - |
| Deferred charges on refunding | 312,048 | - | 312,048 | 928,472 |
| Total deferred outflows of resources | <u>2,705,044</u> | <u>159,895</u> | <u>2,864,939</u> | <u>928,472</u> |
| LIABILITIES | | | | |
| Accounts payable | 4,778,169 | 1,055,730 | 5,833,899 | - |
| Accrued liabilities | 921,274 | 53,615 | 974,889 | - |
| Unearned revenues | 31,411 | - | 31,411 | - |
| Due to other governments | 150,540 | - | 150,540 | - |
| Customer deposits payable | - | 1,223,855 | 1,223,855 | - |
| Due to primary government | - | - | - | 32,344 |
| Capital leases due within one year | 530,954 | - | 530,954 | - |
| Capital leases due in more than one year | 127,987 | - | 127,987 | - |
| Bonds payable due within one year | 855,000 | 505,000 | 1,360,000 | 420,000 |
| Bonds payable due in more than one year | 11,307,860 | 7,462,324 | 18,770,184 | 12,405,000 |
| Claims payable due within one year | 427,939 | - | 427,939 | - |
| Compensated absences due within one year | 451,332 | 24,717 | 476,049 | - |
| Net pension liability due in more than one year | 6,253,311 | 417,832 | 6,671,143 | - |
| Total liabilities | <u>25,835,777</u> | <u>10,743,073</u> | <u>36,578,850</u> | <u>12,857,344</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | 1,251,963 | 83,653 | 1,335,616 | - |
| Total deferred inflows of resources | <u>1,251,963</u> | <u>83,653</u> | <u>1,335,616</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 12,268,365 | 5,797,207 | 18,065,572 | - |
| Restricted | | | | |
| Law enforcement | 1,037,386 | - | 1,037,386 | - |
| Economic development | 611,596 | - | 611,596 | - |
| Debt service | 9,292 | 1,293,146 | 1,302,438 | - |
| Capital outlay | 11,858,586 | - | 11,858,586 | - |
| Customer deposits | - | 81,495 | 81,495 | - |
| Unrestricted | 14,222,021 | 5,983,583 | 20,205,604 | 928,472 |
| Total net position | <u>\$ 40,007,246</u> | <u>\$ 13,155,431</u> | <u>\$ 53,162,677</u> | <u>\$ 928,472</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, 2019**

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | | 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 | \$ 5,300,953 | \$ 2,855,996 | \$ - | \$ - | \$ (2,444,957) | \$ - | \$ (2,444,957) | \$ - |
| Judicial | 490,390 | 59,523 | - | - | (430,867) | - | (430,867) | - |
| Public safety | 11,417,818 | 819,721 | - | - | (10,598,097) | - | (10,598,097) | - |
| Public works | 3,212,888 | 15,721 | - | 1,673,477 | (1,523,690) | - | (1,523,690) | - |
| Parks and recreation | 938,851 | 58,396 | - | - | (880,455) | - | (880,455) | - |
| Planning and economic development | 934,250 | 594,332 | - | - | (339,918) | - | (339,918) | - |
| Interest on long-term debt | 437,610 | - | - | - | (437,610) | - | (437,610) | - |
| Total governmental activities | <u>22,732,760</u> | <u>4,403,689</u> | <u>-</u> | <u>1,673,477</u> | <u>(16,655,594)</u> | <u>-</u> | <u>(16,655,594)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Water and Sewerage | 7,797,294 | 7,807,636 | - | - | - | 10,342 | 10,342 | - |
| Sanitation | 1,538,470 | 2,221,683 | - | - | - | 683,213 | 683,213 | - |
| Stormwater | 499,988 | 849,398 | - | - | - | 349,410 | 349,410 | - |
| Total business-type activities | <u>9,835,752</u> | <u>10,878,717</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,042,965</u> | <u>1,042,965</u> | <u>-</u> |
| Total primary government | <u>\$ 32,568,512</u> | <u>\$ 15,282,406</u> | <u>\$ -</u> | <u>\$ 1,673,477</u> | <u>(16,655,594)</u> | <u>1,042,965</u> | <u>(15,612,629)</u> | <u>-</u> |
| Component unit: | | | | | | | | |
| South Fulton Municipal Regional Jail Authority | \$ 390,560 | \$ 140,074 | \$ - | \$ - | - | - | - | (250,486) |
| Total component unit | <u>\$ 390,560</u> | <u>\$ 140,074</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(250,486)</u> |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 12,773,085 | - | 12,773,085 | - |
| Sales taxes | | | | | 9,411,819 | - | 9,411,819 | - |
| Insurance premium tax | | | | | 1,394,090 | - | 1,394,090 | - |
| Alcoholic beverage taxes | | | | | 18,153 | - | 18,153 | - |
| Other taxes | | | | | 650,072 | - | 650,072 | - |
| Franchise taxes | | | | | 1,506,941 | - | 1,506,941 | - |
| Unrestricted investment earnings | | | | | 658,402 | 30,804 | 689,206 | 137 |
| Gain on sale of capital assets | | | | | - | - | - | 5,632,451 |
| Transfers | | | | | 1,190,094 | (1,190,094) | - | - |
| Total general revenues and transfers | | | | | <u>27,602,656</u> | <u>(1,159,290)</u> | <u>26,443,366</u> | <u>5,632,588</u> |
| Change in net position | | | | | 10,947,062 | (116,325) | 10,830,737 | 5,382,102 |
| Net position, beginning of year | | | | | 29,060,184 | 13,271,756 | 42,331,940 | (4,453,630) |
| Net position, end of year | | | | | <u>\$ 40,007,246</u> | <u>\$ 13,155,431</u> | <u>\$ 53,162,677</u> | <u>\$ 928,472</u> |

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

CITY OF UNION CITY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019**

| | General Fund | General Obligation Bonds Fund |
|--|----------------------|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 22,622,749 | \$ 10,630 |
| Restricted cash | - | - |
| Investments | 107,329 | - |
| Taxes receivable, net | 240,478 | - |
| Due from other governments | 476,930 | - |
| Due from others | 343,396 | - |
| Inventory | 6,850 | - |
| Due from other funds | 863,473 | - |
| Prepaid expenditures | 271,601 | - |
| Total assets | <u>\$ 24,932,806</u> | <u>\$ 10,630</u> |
| LIABILITIES | | |
| Accounts payable | \$ 4,338,772 | \$ - |
| Accrued liabilities | 273,211 | - |
| Unearned revenue | 31,411 | - |
| Due to others | - | - |
| Due to other funds | - | 33,841 |
| Total liabilities | <u>4,643,394</u> | <u>33,841</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 168,631 | - |
| Unavailable revenue - intergovernmental revenues | - | - |
| Total deferred inflows of resources | <u>168,631</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | |
| Nonspendable: | | |
| Inventory | 6,850 | - |
| Prepaid expenditures | 271,601 | - |
| Restricted for: | | |
| Law enforcement | - | - |
| Economic development | - | - |
| Other capital projects | - | - |
| Debt service | - | - |
| Unassigned | 19,842,330 | (23,211) |
| Total fund balances | <u>20,120,781</u> | <u>(23,211)</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 24,932,806</u> | <u>\$ 10,630</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.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred refunding charges are not financial resources and, therefore, are not reported in the funds.

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.

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

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

| <u>TSPLOST Fund</u> | <u>Capital Grants Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|------------------------------------|--|---|
| \$ 7,463,569 | \$ - | \$ 6,141,364 | \$ 36,238,312 |
| - | - | 612,568 | 612,568 |
| - | - | - | 107,329 |
| - | - | 53,980 | 294,458 |
| 307,460 | 842,342 | 440,981 | 2,067,713 |
| - | - | - | 343,396 |
| - | - | - | 6,850 |
| - | - | - | 863,473 |
| - | - | 250,000 | 521,601 |
| <u>\$ 7,771,029</u> | <u>\$ 842,342</u> | <u>\$ 7,498,893</u> | <u>\$ 41,055,700</u> |
| | | | |
| \$ 64,546 | \$ 53,032 | \$ 321,819 | \$ 4,778,169 |
| 450,865 | - | - | 724,076 |
| - | - | - | 31,411 |
| - | - | 150,540 | 150,540 |
| - | 368,545 | 428,922 | 831,308 |
| <u>515,411</u> | <u>421,577</u> | <u>901,281</u> | <u>6,515,504</u> |
| | | | |
| - | - | - | 168,631 |
| - | 720,066 | 181,424 | 901,490 |
| <u>-</u> | <u>720,066</u> | <u>181,424</u> | <u>1,070,121</u> |
| | | | |
| - | - | - | 6,850 |
| - | - | 250,000 | 521,601 |
| - | - | 1,037,386 | 1,037,386 |
| - | - | 611,596 | 611,596 |
| 7,255,618 | - | 4,602,968 | 11,858,586 |
| - | - | 9,292 | 9,292 |
| - | (299,301) | (95,054) | 19,424,764 |
| <u>7,255,618</u> | <u>(299,301)</u> | <u>6,416,188</u> | <u>33,470,075</u> |
| | | | |
| <u>\$ 7,771,029</u> | <u>\$ 842,342</u> | <u>\$ 7,498,893</u> | |
| | | | 24,165,550 |
| | | | 1,070,121 |
| | | | 312,048 |
| | | | (5,112,278) |
| | | | <u>(13,898,270)</u> |
| | | | <u>\$ 40,007,246</u> |

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

| | General Fund | General Obligation Bonds Fund |
|---|---------------|-------------------------------------|
| Revenues | | |
| Property taxes | \$ 12,666,660 | \$ - |
| Sales taxes | 5,717,529 | - |
| Other taxes | 1,412,243 | - |
| Charges for services | 852,464 | - |
| Licenses and permits | 2,649,636 | - |
| Intergovernmental | - | - |
| Franchise taxes | 1,506,941 | - |
| Fines and forfeitures | 729,045 | - |
| Interest revenue | 558,453 | 3,953 |
| Rental income | 22,436 | - |
| Other revenues | 135,522 | - |
| Total revenues | 26,250,929 | 3,953 |
| Expenditures | | |
| Current: | | |
| General government | 3,918,581 | - |
| Judicial | 397,435 | - |
| Public safety | 10,108,143 | - |
| Public works | 2,421,293 | - |
| Parks and recreation | 766,940 | - |
| Planning and economic development | 811,716 | - |
| Capital outlay | - | 3,397,273 |
| Debt service: | | |
| Principal | - | - |
| Interest | - | - |
| Total expenditures | 18,424,108 | 3,397,273 |
| Excess (deficiency) of revenues over (under) expenditures | 7,826,821 | (3,393,320) |
| Other financing sources (uses) | | |
| Capital leases | - | - |
| Transfers in | 1,547,895 | - |
| Transfers out | (8,425,417) | - |
| Total other financing sources (uses) | (6,877,522) | - |
| Net change in fund balances | 949,299 | (3,393,320) |
| Fund balances, beginning of year | 19,171,482 | 3,370,109 |
| Fund balances, end of year | \$ 20,120,781 | \$ (23,211) |

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

| TSPLOST Fund | Capital Grants Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------|------------------------------------|--|---|
| \$ - | \$ - | \$ 47,628 | \$ 12,714,288 |
| 3,694,290 | - | - | 9,411,819 |
| - | - | 650,072 | 2,062,315 |
| - | - | 14,586 | 867,050 |
| - | - | - | 2,649,636 |
| - | 398,131 | 373,856 | 771,987 |
| - | - | - | 1,506,941 |
| - | - | - | 729,045 |
| 79,351 | - | 16,645 | 658,402 |
| - | - | - | 22,436 |
| - | - | - | 135,522 |
| <u>3,773,641</u> | <u>398,131</u> | <u>1,102,787</u> | <u>31,529,441</u> |
| - | - | 8,229 | 3,926,810 |
| - | - | - | 397,435 |
| - | - | 807,688 | 10,915,831 |
| - | - | 329,706 | 2,750,999 |
| - | - | - | 766,940 |
| - | - | 122,534 | 934,250 |
| 1,107,142 | 1,591,490 | 1,703,106 | 7,799,011 |
| - | - | 1,413,753 | 1,413,753 |
| - | - | 503,440 | 503,440 |
| <u>1,107,142</u> | <u>1,591,490</u> | <u>4,888,456</u> | <u>29,408,469</u> |
| <u>2,666,499</u> | <u>(1,193,359)</u> | <u>(3,785,669)</u> | <u>2,120,972</u> |
| - | - | 822,401 | 822,401 |
| - | 666,480 | 7,758,937 | 9,973,312 |
| - | - | (357,801) | (8,783,218) |
| - | <u>666,480</u> | <u>8,223,537</u> | <u>2,012,495</u> |
| 2,666,499 | (526,879) | 4,437,868 | 4,133,467 |
| <u>4,589,119</u> | <u>227,578</u> | <u>1,978,320</u> | <u>29,336,608</u> |
| <u>\$ 7,255,618</u> | <u>\$ (299,301)</u> | <u>\$ 6,416,188</u> | <u>\$ 33,470,075</u> |

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, 2019

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

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ 4,133,467 |
| 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 capital outlay exceeded depreciation in the current period. | 5,522,612 |
| The net effect of various miscellaneous transactions involving capital assets (disposals) is to decrease net position. | (4,658) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 960,287 |
| 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. | 591,352 |
| 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>(255,998)</u> |
| Change in net position of governmental activities | <u>\$ 10,947,062</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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-----------------------|-----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 10,759,357 | \$ 10,759,357 | \$ 12,666,660 | \$ 1,907,303 |
| Sales taxes | 5,100,000 | 5,100,000 | 5,717,529 | 617,529 |
| Other taxes | 1,221,000 | 1,221,000 | 1,412,243 | 191,243 |
| Charges for services | 452,800 | 452,800 | 852,464 | 399,664 |
| Licenses and permits | 2,366,000 | 2,366,000 | 2,649,636 | 283,636 |
| Franchise taxes | 1,357,400 | 1,357,400 | 1,506,941 | 149,541 |
| Fines and forfeitures | 862,150 | 862,150 | 729,045 | (133,105) |
| Interest revenue | 15,000 | 15,000 | 558,453 | 543,453 |
| Rental income | 18,000 | 18,000 | 22,436 | 4,436 |
| Other revenues | 40,000 | 40,000 | 135,522 | 95,522 |
| Total revenues | <u>22,191,707</u> | <u>22,191,707</u> | <u>26,250,929</u> | <u>4,059,222</u> |
| Expenditures | | | | |
| Current | | | | |
| General government: | | | | |
| City clerk | 348,606 | 389,997 | 389,997 | - |
| Finance | 652,919 | 652,919 | 575,649 | 77,270 |
| City administrator | 652,625 | 652,625 | 567,899 | 84,726 |
| Mayor and council | 700,608 | 700,608 | 563,763 | 136,845 |
| Human resources | 536,929 | 536,929 | 522,339 | 14,590 |
| Operations | 2,031,493 | 2,031,493 | 1,298,934 | 732,559 |
| Total general government | <u>4,923,180</u> | <u>4,964,571</u> | <u>3,918,581</u> | <u>1,045,990</u> |
| Judicial: | | | | |
| Municipal court | 414,885 | 414,885 | 397,435 | 17,450 |
| Public safety: | | | | |
| Police | 6,598,668 | 6,598,668 | 5,859,111 | 739,557 |
| Fire | 4,843,677 | 4,843,677 | 4,249,032 | 594,645 |
| Total public safety | <u>11,442,345</u> | <u>11,442,345</u> | <u>10,108,143</u> | <u>1,334,202</u> |
| Public works: | | | | |
| Buildings and grounds | 3,019,570 | 3,019,570 | 2,421,293 | 598,277 |
| Planning and economic development | | | | |
| | 909,889 | 909,889 | 811,716 | 98,173 |
| Parks and recreation | | | | |
| | 964,501 | 964,501 | 766,940 | 197,561 |
| Debt service | | | | |
| | 101,789 | 101,789 | - | 101,789 |
| Total expenditures | <u>21,776,159</u> | <u>21,817,550</u> | <u>18,424,108</u> | <u>3,393,442</u> |
| Excess of revenues over expenditures | <u>415,548</u> | <u>374,157</u> | <u>7,826,821</u> | <u>7,452,664</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 629,414 | 629,414 | 1,547,895 | 918,481 |
| Transfers out | (7,480,442) | (7,480,442) | (8,425,417) | (944,975) |
| Total other financing uses, net | <u>(6,851,028)</u> | <u>(6,851,028)</u> | <u>(6,877,522)</u> | <u>(26,494)</u> |
| Net change in fund balances | <u>\$ (6,435,480)</u> | <u>\$ (6,476,871)</u> | <u>949,299</u> | <u>\$ 7,426,170</u> |
| Fund balance, beginning of year | | | <u>19,171,482</u> | |
| Fund balance, end of year | | | <u>\$ 20,120,781</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, 2019

| | Water and Sewerage Fund | Stormwater Fund | Nonmajor Enterprise Funds | Totals |
|--|-------------------------------|---------------------|---------------------------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 4,454,503 | \$ 1,287,906 | \$ 757,579 | \$ 6,499,988 |
| Investments | 322,535 | - | - | 322,535 |
| Accounts receivable, net of allowances | 1,605,362 | 278,907 | 263,191 | 2,147,460 |
| Inventory | 35,463 | - | - | 35,463 |
| Due from component unit | - | - | 32,344 | 32,344 |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,085,178 | - | - | 1,085,178 |
| Investments | 115,858 | - | - | 115,858 |
| Total current assets | <u>7,618,899</u> | <u>1,566,813</u> | <u>1,053,114</u> | <u>10,238,826</u> |
| NON-CURRENT ASSETS | | | | |
| Capital assets | | | | |
| Nondepreciable | 493,194 | 108,686 | - | 601,880 |
| Depreciable, net of accumulated depreciation | 12,114,181 | 899,540 | - | 13,013,721 |
| Total non-current assets | <u>12,607,375</u> | <u>1,008,226</u> | <u>-</u> | <u>13,615,601</u> |
| Total assets | <u>20,226,274</u> | <u>2,575,039</u> | <u>1,053,114</u> | <u>23,854,427</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 159,895 | - | - | 159,895 |
| Total deferred outflows of resources | <u>159,895</u> | <u>-</u> | <u>-</u> | <u>159,895</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 828,104 | 105,832 | 121,794 | 1,055,730 |
| Accrued liabilities | 6,277 | - | - | 6,277 |
| Compensated absences | 24,717 | - | - | 24,717 |
| Due to other funds | - | - | 32,165 | 32,165 |
| Payables from restricted assets: | | | | |
| Customer deposits payable | 1,223,855 | - | - | 1,223,855 |
| Revenue bonds payable - current portion | 505,000 | - | - | 505,000 |
| Accrued interest on bonds payable | 47,338 | - | - | 47,338 |
| Total current liabilities | <u>2,635,291</u> | <u>105,832</u> | <u>153,959</u> | <u>2,895,082</u> |
| NON-CURRENT LIABILITIES | | | | |
| Revenue bonds payable - net of unamortized discounts and current portion | 7,462,324 | - | - | 7,462,324 |
| Net pension liability | 417,832 | - | - | 417,832 |
| Total non-current liabilities | <u>7,880,156</u> | <u>-</u> | <u>-</u> | <u>7,880,156</u> |
| Total liabilities | <u>10,515,447</u> | <u>105,832</u> | <u>153,959</u> | <u>10,775,238</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | 83,653 | - | - | 83,653 |
| Total deferred inflows of resources | <u>83,653</u> | <u>-</u> | <u>-</u> | <u>83,653</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 4,788,981 | 1,008,226 | - | 5,797,207 |
| Restricted | | | | |
| Debt service | 1,293,146 | - | - | 1,293,146 |
| Customer deposits | 81,495 | - | - | 81,495 |
| Unrestricted | 3,623,447 | 1,460,981 | 899,155 | 5,983,583 |
| Total net position | <u>\$ 9,787,069</u> | <u>\$ 2,469,207</u> | <u>\$ 899,155</u> | <u>\$ 13,155,431</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, 2019**

| | Water and Sewerage Fund | Stormwater Fund | Nonmajor Enterprise Funds | Totals |
|--|--|----------------------------|--|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 7,019,356 | \$ 849,398 | \$ 2,126,585 | \$ 9,995,339 |
| Tap fees | 188,800 | - | - | 188,800 |
| Other charges | 599,480 | - | 95,098 | 694,578 |
| Total operating revenues | <u>7,807,636</u> | <u>849,398</u> | <u>2,221,683</u> | <u>10,878,717</u> |
| OPERATING EXPENSES | | | | |
| Water purchases | 2,510,147 | - | - | 2,510,147 |
| Purchased or contracted services | 2,650,593 | 417,515 | 1,538,470 | 4,606,578 |
| Depreciation expense | 813,119 | 82,473 | - | 895,592 |
| Total operating expenses | <u>5,973,859</u> | <u>499,988</u> | <u>1,538,470</u> | <u>8,012,317</u> |
| Operating income | 1,833,777 | 349,410 | 683,213 | 2,866,400 |
| NON-OPERATING INCOME (EXPENSES) | | | | |
| Interest income | 30,804 | - | - | 30,804 |
| Interest expense | (306,884) | - | - | (306,884) |
| Intergovernmental agreement | (1,516,551) | - | - | (1,516,551) |
| Total non-operating expenses, net | <u>(1,792,631)</u> | <u>-</u> | <u>-</u> | <u>(1,792,631)</u> |
| Income before transfers | 41,146 | 349,410 | 683,213 | 1,073,769 |
| TRANSFERS | | | | |
| Transfers out | - | (136,260) | (1,053,834) | (1,190,094) |
| Total transfers | <u>-</u> | <u>(136,260)</u> | <u>(1,053,834)</u> | <u>(1,190,094)</u> |
| Change in net position | 41,146 | 213,150 | (370,621) | (116,325) |
| NET POSITION, beginning of year | <u>9,745,923</u> | <u>2,256,057</u> | <u>1,269,776</u> | <u>13,271,756</u> |
| NET POSITION, end of year | <u>\$ 9,787,069</u> | <u>\$ 2,469,207</u> | <u>\$ 899,155</u> | <u>\$ 13,155,431</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, 2019**

| | Water and Sewerage Fund | Stormwater Fund | Nonmajor Enterprise Funds | Totals |
|---|--|----------------------------|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 7,544,780 | \$ 848,397 | \$ 2,037,588 | \$ 10,430,765 |
| Payments to suppliers | (4,559,397) | (435,127) | (1,579,273) | (6,573,797) |
| Payments to employees | (619,363) | - | - | (619,363) |
| Net cash provided by operating activities | <u>2,366,020</u> | <u>413,270</u> | <u>458,315</u> | <u>3,237,605</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Payments on intergovernmental agreement | (1,516,551) | - | - | (1,516,551) |
| Transfers | - | (136,260) | (1,053,834) | (1,190,094) |
| Net cash used in non-capital financing activities | <u>(1,516,551)</u> | <u>(136,260)</u> | <u>(1,053,834)</u> | <u>(2,706,645)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from the sale of capital assets | - | 24,790 | - | 24,790 |
| Purchase of capital assets | - | (194,135) | - | (194,135) |
| Principal paid on bonds | (495,000) | - | - | (495,000) |
| Interest paid | (298,863) | - | - | (298,863) |
| Net cash used in capital and related financing activities | <u>(793,863)</u> | <u>(169,345)</u> | <u>-</u> | <u>(963,208)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (2,544) | - | - | (2,544) |
| Interest and dividends received | 30,804 | - | - | 30,804 |
| Net cash provided by investing activities | <u>28,260</u> | <u>-</u> | <u>-</u> | <u>28,260</u> |
| Change in cash and cash equivalents | 83,866 | 107,665 | (595,519) | (403,988) |
| Cash and cash equivalents: | | | | |
| Beginning of year | <u>5,455,815</u> | <u>1,180,241</u> | <u>1,353,098</u> | <u>7,989,154</u> |
| End of year | <u>\$ 5,539,681</u> | <u>\$ 1,287,906</u> | <u>\$ 757,579</u> | <u>\$ 7,585,166</u> |
| Classified as: | | | | |
| Cash and cash equivalents | \$ 4,454,503 | 1,287,906 | \$ 757,579 | \$ 6,499,988 |
| Restricted assets, cash | 1,085,178 | - | - | 1,085,178 |
| | <u>\$ 5,539,681</u> | <u>\$ 1,287,906</u> | <u>\$ 757,579</u> | <u>\$ 7,585,166</u> |

(Continued)

CITY OF UNION CITY, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Water and Sewerage Fund</u> | <u>Stormwater Fund</u> | <u>Nonmajor Enterprise Funds</u> | <u>Totals</u> |
|---|--|----------------------------|--|---------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 1,833,777 | \$ 349,410 | \$ 683,213 | \$ 2,866,400 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 813,119 | 82,473 | - | 895,592 |
| Changes in assets and liabilities: | | | | |
| Increase in accounts receivable | (262,856) | (1,001) | (10,184) | (274,041) |
| Decrease in due from others | - | - | 79,406 | 79,406 |
| Decrease in due from other funds | - | - | 32,165 | 32,165 |
| Decrease in accounts payable | (123,549) | (17,612) | (15,244) | (156,405) |
| Decrease in accrued liabilities | (681) | - | (758) | (1,439) |
| Decrease in due to component unit | - | - | (285,482) | (285,482) |
| Increase in customer deposits | 84,340 | - | - | 84,340 |
| Increase (decrease) in net pension liability | 21,870 | - | (24,801) | (2,931) |
| Net cash provided by operating activities | <u>\$ 2,366,020</u> | <u>\$ 413,270</u> | <u>\$ 458,315</u> | <u>\$ 3,237,605</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, 2019

| | <u>Municipal Court</u> |
|---------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 37,258 |
| Total assets | <u>\$ 37,258</u> |
| LIABILITIES | |
| Due to others | \$ 37,258 |
| Total liabilities | <u>\$ 37,258</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
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

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 GAAP 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, 2019:

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 non-fiduciary 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 **General Obligation Bonds Fund** accounts for the issuance of general obligation bonds and its related acquisition and construction of capital facilities.

The **T-SPLOST Fund** accounts for proceeds of the Transportation Special Purpose Local Option Sales Tax. Funds are used for various transportation projects within the City.

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 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 GAAP

A budget was not adopted for the Inmate Welfare Fund and 2010 General Obligation Bond Debt Service Fund due to the City's anticipation that there would not be any revenues or expenditures relating to these funds 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 the Official Code of Georgia Annotated (“O.C.G.A.”) §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 acquisition value. 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, 2019, 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

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 a 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 on the following page, 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 a 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 intergovernmental revenues 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 gains or 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 gains or losses are recorded as deferred outflows of resources and deferred inflows 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 outflows 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 are recognized as deferred inflows of resources 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 outflows 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 re-appropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2019, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Fund Balance (Continued)

- **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.

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 GAAP 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.

R. Tax Abatement Programs

Fulton County, Georgia enters into tax abatement programs with local businesses for the purpose of attracting and retaining business within their jurisdictions. The tax abatements can be granted to any business located within the County. These tax abatement programs are issued on a case by case basis for individual businesses.

During the year ended August 31, 2019, the City's ad valorem tax revenues were reduced by \$932,970 under other government agreements entered into by Fulton County, Georgia.

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 | \$ (11,270,000) |
| Plus: Premium on bond issuance (to be amortized over the life of the debt) | (892,860) |
| Capital leases | (658,941) |
| Claims payable | (427,939) |
| Compensated absences | (451,332) |
| Accrued interest | (197,198) |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ (13,898,270) |

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 - deferred outflows of resources | \$ 2,392,996 |
| Pension - deferred inflows of resources | (1,251,963) |
| Net pension liability | (6,253,311) |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ (5,112,278) |

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 | \$ 6,706,131 |
| Depreciation expense | <u>(1,183,519)</u> |
| 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>\$ 5,522,612</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 | \$ 11,973 |
| Change in compensated absences | (106,598) |
| Change in net pension liability | (65,230) |
| Amortization expense | <u>53,857</u> |
| Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (255,998)</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 (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repay of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this difference are as follows:

| | |
|--|--------------|
| Capital lease proceeds | \$ (822,401) |
| Principal payments | |
| Capital leases | 588,753 |
| Bonds payable | 825,000 |
| 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> | \$ 591,352 |

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2019, are summarized as follows:

As reported in the Statement of Net Position

| | |
|--|---------------|
| Primary government | |
| Cash and cash equivalents | \$ 42,738,300 |
| Investments | 429,864 |
| Restricted Assets: | |
| Cash and cash equivalents | 1,697,746 |
| Investments | 115,858 |
| Agency fund - Municipal Court | 37,258 |
| Component unit - cash and cash equivalents | 32,344 |
| | \$ 45,051,370 |

| | |
|--|---------------|
| Cash deposited with financial institutions | \$ 44,505,648 |
| Cash deposited with Georgia Fund 1 | 115,858 |
| Investment in U.S. government securities | 429,864 |
| | \$ 45,051,370 |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's and the weighted average maturity was 29 days. At August 31, 2019, the City had the following investments:

| Investment | Fair Value | Investment Maturities (in Years) Less than 1 |
|----------------------------|------------|---|
| Georgia Fund 1 | \$ 115,858 | \$ 115,858 |
| U.S. Government Securities | 429,864 | 429,864 |
| Total | \$ 545,722 | \$ 545,722 |

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2019:

| <u>Investment</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> |
|---|----------------|----------------|----------------|-------------------|
| U.S. Government Securities | | | | |
| Total investments measured at fair value | \$ 429,864 | \$ - | \$ - | \$ 429,864 |
| Investments not subject to level disclosure | | | | |
| Georgia Fund 1 | | | | 115,858 |
| Total Investments | | | | \$ 545,722 |

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, 2019, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

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

| | General | TSPLOST Fund | Capital Grants | Nonmajor Governmental | Water and Sewerage | Stormwater | Nonmajor Enterprise | Total |
|-------------------------|-------------------|-------------------|-------------------|--------------------------|-----------------------|-------------------|------------------------|---------------------|
| Receivables: | | | | | | | | |
| Taxes | \$ 829,962 | \$ - | \$ - | \$ 53,980 | \$ - | \$ - | \$ - | \$ 883,942 |
| Accounts | - | - | - | - | 2,598,097 | 412,345 | 357,197 | 3,367,639 |
| Due from other govts | 476,930 | 307,460 | 842,342 | 440,981 | - | - | - | 2,067,713 |
| Gross receivables | 1,306,892 | 307,460 | 842,342 | 494,961 | 2,598,097 | 412,345 | 357,197 | 6,319,294 |
| Less allowance | (589,484) | - | - | - | (992,735) | (133,438) | (94,006) | (1,809,663) |
| Net receivables | <u>\$ 717,408</u> | <u>\$ 307,460</u> | <u>\$ 842,342</u> | <u>\$ 494,961</u> | <u>\$ 1,605,362</u> | <u>\$ 278,907</u> | <u>\$ 263,191</u> | <u>\$ 4,509,631</u> |

Property Taxes

Property taxes were levied on October 1, 2018 based upon property values assessed as of January 1. The billings were mailed on October 3, 2018, and were payable on or before December 3, 2018, 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 2019 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2019 and collected by October 31, 2019, are recognized as revenues in the year ended August 31, 2019. Net receivables estimated to be collected subsequent to October 31, 2019, are deferred as of August 31, 2019, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually. The tax rate levied during fiscal year 2018 for the City's operations was 14.326 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Component Unit – Intergovernmental Receivable

In October 2018, in conjunction with the issuance of the Series 2018 Bond, the Authority entered into an intergovernmental contract with Fulton County in which Fulton County unconditionally agreed to make debt payments on behalf of the Authority in an amount equal to the debt service requirements of the Series 2018 Bond. These payments and the intergovernmental contract are pledged to the payment of the principal and interest on the Series 2018 Bond.

The estimated annual payments to be paid by Fulton County on behalf of the Authority under this intergovernmental contract as of August 31, 2019 are as follows:

| Fiscal Year Ending August 31, | Principal | Interest | Total |
|--------------------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 420,000 | \$ 377,721 | \$ 797,721 |
| 2021 | 720,000 | 360,146 | 1,080,146 |
| 2022 | 745,000 | 338,244 | 1,083,244 |
| 2023 | 765,000 | 315,669 | 1,080,669 |
| 2024 | 790,000 | 292,422 | 1,082,422 |
| 2025 – 2029 | 4,335,000 | 1,086,641 | 5,421,641 |
| 2030 – 2034 | 5,050,000 | 387,105 | 5,437,105 |
| | <u>\$ 12,825,000</u> | <u>\$ 3,157,948</u> | <u>\$ 15,982,948</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended August 31, 2019, 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 | 3,593,425 | 6,128,243 | - | (6,590,707) | 3,130,961 |
| Total capital assets, not being depreciated | <u>4,285,276</u> | <u>6,128,243</u> | <u>-</u> | <u>(6,590,707)</u> | <u>3,822,812</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings, grounds and improvements | 11,331,300 | 30,300 | - | 6,321,030 | 17,682,630 |
| Machinery and equipment | 1,195,765 | 70,329 | - | - | 1,266,094 |
| Infrastructure | 15,342,482 | - | - | 269,677 | 15,612,159 |
| Vehicles | 5,274,529 | 477,259 | (20,701) | - | 5,731,087 |
| Total capital assets, being depreciated | <u>33,144,076</u> | <u>577,888</u> | <u>(20,701)</u> | <u>6,590,707</u> | <u>40,291,970</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings, grounds and improvements | (5,709,849) | (355,538) | - | - | (6,065,387) |
| Machinery and equipment | (984,317) | (33,166) | - | - | (1,017,483) |
| Infrastructure | (8,327,782) | (403,361) | - | - | (8,731,143) |
| Vehicles | (3,759,808) | (391,454) | 16,043 | - | (4,135,219) |
| Total accumulated depreciation | <u>(18,781,756)</u> | <u>(1,183,519)</u> | <u>16,043</u> | <u>-</u> | <u>(19,949,232)</u> |
| Total capital assets, being depreciated, net | <u>14,362,320</u> | <u>(605,631)</u> | <u>(4,658)</u> | <u>6,590,707</u> | <u>20,342,738</u> |
| Governmental activities capital assets, net | <u>\$ 18,647,596</u> | <u>\$ 5,522,612</u> | <u>\$ (4,658)</u> | <u>\$ -</u> | <u>\$ 24,165,550</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 |
| Construction in progress | - | 108,686 | - | - | 108,686 |
| Total capital assets, not being depreciated | 493,194 | 108,686 | - | - | 601,880 |
| Capital assets, being depreciated: | | | | | |
| Distribution system | 18,757,841 | - | - | - | 18,757,841 |
| Machinery and equipment | 388,483 | 85,449 | (45,559) | - | 428,373 |
| Infrastructure | 969,187 | - | - | - | 969,187 |
| Wastewater treatment capacity | 6,374,612 | - | - | - | 6,374,612 |
| Vehicles | 255,880 | - | - | - | 255,880 |
| Total capital assets, being depreciated | 26,746,003 | 85,449 | (45,559) | - | 26,785,893 |
| Less accumulated depreciation for: | | | | | |
| Distribution system | (10,039,684) | (384,356) | - | - | (10,424,040) |
| Machinery and equipment | (215,262) | (33,952) | - | - | (249,214) |
| Infrastructure | (276,778) | (39,479) | - | - | (316,257) |
| Wastewater treatment capacity | (2,160,287) | (424,975) | 20,769 | - | (2,564,493) |
| Vehicles | (205,338) | (12,830) | - | - | (218,168) |
| Total accumulated depreciation | (12,897,349) | (895,592) | 20,769 | - | (13,772,172) |
| Total capital assets, being depreciated, net | 13,848,654 | (810,143) | (24,790) | - | 13,013,721 |
| Business-type activities capital assets, net | \$ 14,341,848 | \$ (701,457) | \$ (24,790) | \$ - | \$ 13,615,601 |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

| | | |
|---|-----------|------------------|
| Governmental activities: | | |
| General government | \$ | 80,511 |
| Judicial | | 85,152 |
| Public safety | | 411,875 |
| Public works | | 442,493 |
| Parks and recreation | | 163,488 |
| Total depreciation expense - governmental activities | <u>\$</u> | <u>1,183,519</u> |
| Business-type activities: | | |
| Water and sewerage | \$ | 813,119 |
| Stormwater | | 82,473 |
| Total depreciation expense - business-type activities | <u>\$</u> | <u>895,592</u> |

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 | <u>286,986</u> | <u>-</u> | <u>(286,986)</u> | <u>-</u> | <u>-</u> |
| 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 | <u>11,707,354</u> | <u>-</u> | <u>(11,707,354)</u> | <u>-</u> | <u>-</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings, grounds and improvements | (4,366,805) | (37,120) | 4,403,925 | - | - |
| Furniture | (258,918) | (2,384) | 261,302 | - | - |
| Machinery and equipment | (122,346) | (759) | 123,105 | - | - |
| Infrastructure | (11,728) | - | 11,728 | - | - |
| Total accumulated depreciation | <u>(4,759,797)</u> | <u>(40,263)</u> | <u>4,800,060</u> | <u>-</u> | <u>-</u> |
| Total capital assets, being depreciated, net | <u>6,947,557</u> | <u>(40,263)</u> | <u>(6,907,294)</u> | <u>-</u> | <u>-</u> |
| Capital assets, net | <u>\$ 7,234,543</u> | <u>\$ (40,263)</u> | <u>\$ (7,194,280)</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

In October 2018, in conjunction with the issuance of the Series 2018 Bond and the intergovernmental receivable with Fulton County, the Authority sold the Jail to Fulton County.

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

General obligation bonds outstanding at August 31, 2019, are as follows:

| | Original Amount | Interest Rates | Balance August 31, 2019 |
|-------------------------------|--------------------|-------------------|-------------------------------|
| 2014 General Obligation Bonds | \$ 7,095,000 | 2.00% – 4.00% | \$ 6,345,000 |
| 2017 General Obligation Bonds | 5,000,000 | 2.00% – 5.00% | 4,925,000 |
| | \$ 12,095,000 | | \$ 11,270,000 |

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

| Fiscal Year Ending August 31, | Principal | Interest | Total |
|-------------------------------|---------------|--------------|---------------|
| 2020 | \$ 855,000 | \$ 451,375 | \$ 1,306,375 |
| 2021 | 895,000 | 424,125 | 1,319,125 |
| 2022 | 950,000 | 395,675 | 1,345,675 |
| 2023 | 990,000 | 363,225 | 1,353,225 |
| 2024 | 1,045,000 | 337,225 | 1,382,225 |
| 2025 – 2029 | 2,625,000 | 1,105,050 | 3,730,050 |
| 2030 – 2034 | 780,000 | 940,750 | 1,720,750 |
| 2035 – 2047 | 3,130,000 | 1,289,750 | 4,419,750 |
| | \$ 11,270,000 | \$ 5,307,175 | \$ 16,577,175 |

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).

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

B. Revenue Bonds (Continued)

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.

Revenue bonds outstanding at August 31, 2019, are as follows:

| | Original Amount | Interest Rate | Balance August 31, 2019 |
|--|--------------------|------------------|-------------------------------|
| 2012 Water and Sewerage Revenue Bonds | \$ 11,275,000 | 2.0 - 4.0% | \$ 8,045,000 |

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

| Fiscal Year Ending August 31, | Principal | Interest | Total |
|-------------------------------|--------------|--------------|---------------|
| 2020 | \$ 505,000 | \$ 284,025 | \$ 789,025 |
| 2021 | 525,000 | 268,875 | 793,875 |
| 2022 | 540,000 | 253,125 | 793,125 |
| 2023 | 555,000 | 236,925 | 791,925 |
| 2024 | 570,000 | 220,275 | 790,275 |
| 2025 – 2029 | 3,155,000 | 799,525 | 3,954,525 |
| 2030 – 2032 | 2,195,000 | 177,800 | 2,372,800 |
| | \$ 8,045,000 | \$ 2,240,550 | \$ 10,285,550 |

C. Capital Leases

During 2017, the City entered into another capital lease agreement with a local financial institution to finance the purchase of police and staff vehicles and a fire truck. Quarterly lease payments are due including interest at 1.93% in the amount of \$94,567 through March 3, 2020.

During 2019, the City entered into another capital lease agreement with a local financial institution to finance the purchase of equipment and vehicles. Quarterly lease payments are due including interest at 3.15% in the amount of \$64,735 through January 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Capital Leases (Continued)

As of August 31, 2019, the City reflects a total cost of leased assets of \$854,000 and accumulated depreciation of \$597,799. Total accumulated depreciation of leased assets under capital lease includes current year depreciation expense of \$56,933.

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2019, were as follows:

| Fiscal Year Ending August 31, | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2020 | \$ 543,917 |
| 2021 | 129,470 |
| Total minimum lease payments | <u>673,387</u> |
| Less: amount representing interest | (14,446) |
| Present value of minimum lease payments | <u><u>\$ 658,941</u></u> |

D. Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended August 31, 2019, 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 | \$ 12,095,000 | \$ - | \$ (825,000) | \$ 11,270,000 | \$ 855,000 |
| Plus: Premium | 990,258 | - | (97,398) | 892,860 | - |
| Total bonds payable | <u>13,085,258</u> | <u>-</u> | <u>(922,398)</u> | <u>12,162,860</u> | <u>855,000</u> |
| Capital lease | 425,293 | 822,401 | (588,753) | 658,941 | 530,954 |
| Net pension liability | 5,366,517 | 3,399,840 | (2,513,046) | 6,253,311 | - |
| Claims payable | 277,939 | 150,000 | - | 427,939 | 427,939 |
| Compensated absences | <u>344,734</u> | <u>611,144</u> | <u>(504,546)</u> | <u>451,332</u> | <u>451,332</u> |
| Governmental activity Long-term liabilities | <u><u>\$ 19,499,741</u></u> | <u><u>\$ 4,983,385</u></u> | <u><u>\$ (4,528,743)</u></u> | <u><u>\$ 19,954,383</u></u> | <u><u>\$ 2,265,225</u></u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 8,540,000 | \$ - | \$ (495,000) | \$ 8,045,000 | \$ 505,000 |
| Less: Discount | (88,173) | - | 10,497 | (77,676) | - |
| Total bonds payable | <u>8,451,827</u> | <u>-</u> | <u>(484,503)</u> | <u>7,967,324</u> | <u>505,000</u> |
| Net pension liability | 366,329 | 211,910 | (160,407) | 417,832 | - |
| Compensated absences | <u>24,449</u> | <u>19,660</u> | <u>(19,392)</u> | <u>24,717</u> | <u>24,717</u> |
| Business-type activity Long-term liabilities | <u><u>\$ 8,842,605</u></u> | <u><u>\$ 231,570</u></u> | <u><u>\$ (664,302)</u></u> | <u><u>\$ 8,409,873</u></u> | <u><u>\$ 529,717</u></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 October 2018, the Authority issued Taxable Refunding Revenue Bonds, Series 2018 for the purposes of: 1) refunding the Authority's previously issued Taxable Refunding Revenue Bonds, Series 2012, 2) paying the costs of issuing the 2018 Series Bonds, and 3) to assist in the sale of the jail to Fulton County, Georgia. The issue price of the 2018 Series Bond was less than the reacquisition price of the refunded Series 2012 Bond resulting in a deferred loss on refunding of \$928,472. This deferred loss will be amortized over the remaining life of the refunded bonds using the effective interest method. The difference in the present value of the old debt requirements and the present value of the new debt requirements, discounted at the effective interest rate resulted in an economic loss of \$250,000.

The Authority's revenue bonds outstanding at August 31, 2019, are as follows:

| | Original Amount | Interest Rate | Balance August 31, 2019 |
|---|--------------------|------------------|-------------------------------|
| 2018 South Fulton Municipal Jail Authority Refunding Revenue Bonds | \$ 12,825,000 | 3.65% | \$ 12,825,000 |

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 |
|-------------------------------|---------------|--------------|---------------|
| 2020 | \$ 420,000 | \$ 377,721 | \$ 797,721 |
| 2021 | 720,000 | 360,146 | 1,080,146 |
| 2022 | 745,000 | 338,244 | 1,083,244 |
| 2023 | 765,000 | 315,669 | 1,080,669 |
| 2024 | 790,000 | 292,422 | 1,082,422 |
| 2025 – 2029 | 4,335,000 | 1,086,641 | 5,421,641 |
| 2030 – 2034 | 5,050,000 | 387,105 | 5,437,105 |
| | \$ 12,825,000 | \$ 3,157,948 | \$ 15,982,948 |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

E. Component Unit (Continued)

Long-term liability activity for the Authority for the year ended August 31, 2019, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Revenue bonds | \$ 11,840,000 | \$ 12,825,000 | \$ (11,840,000) | \$ 12,825,000 | \$ 420,000 |

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Union City, Georgia, has established a non-contributory defined benefit pension plan, the City of Union City Retirement Plan (the "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, 2019, pension plan membership consisted of the following:

| | |
|--|-----|
| Retirees and beneficiaries currently receiving benefits | 78 |
| Terminated employees entitled to benefits but not yet receiving them | 117 |
| Active plan members | 158 |
| Total membership in plan | 353 |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description (Continued)

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, 2019, the City's contribution rate was 11.61% of annual payroll. City contributions to the Plan were \$1,034,872 for the year ended August 31, 2019.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Inflation | 2.75% |
| Projected salary increases | 2.75% plus service based merit increases |
| Net Investment rate of return | 7.50% |

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, 2017 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 2.75%.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

| Asset class | Target allocation | Long-term expected real rate of return* |
|-----------------------|-------------------|---|
| Domestic equity | 45% | 6.40% |
| International equity | 20% | 7.40% |
| Real estate | 10% | 5.10% |
| Global fixed income | 5% | 3.03% |
| Domestic fixed income | 20% | 1.75% |
| Cash | 0% | |
| Total | 100% | |

*Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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, 2019, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--|--|
| Balances at August 31, 2018 | <u>\$ 23,629,251</u> | <u>\$ 17,896,405</u> | <u>\$ 5,732,846</u> |
| <i>Changes for the year:</i> | | | |
| Service cost | 380,915 | - | 380,915 |
| Interest cost | 1,760,138 | - | 1,760,138 |
| Differences between expected and actual experience | 1,426,594 | - | 1,426,594 |
| Contributions - employer | - | 900,433 | (900,433) |
| Net investment income | - | 1,773,020 | (1,773,020) |
| Benefit payments, including refunds of employee contributions | (1,083,330) | (1,083,330) | - |
| Administrative expense | - | (44,103) | 44,103 |
| Other | - | - | - |
| <i>Net changes</i> | <u>2,484,317</u> | <u>1,546,020</u> | <u>938,297</u> |
| Balances at August 31, 2019 | <u><u>\$ 26,113,568</u></u> | <u><u>\$ 19,442,425</u></u> | <u><u>\$ 6,671,143</u></u> |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|--------------------------------|--|--------------------------------|
| City of Union City's net pension liability | \$ 10,236,574 | \$ 6,671,143 | \$ 3,709,700 |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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, 2018, and the current sharing pattern of costs between employer and employee.

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

For the year ended August 31, 2019, the City recognized pension expense of \$1,021,179. At August 31, 2019, 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 | \$ 1,487,476 | \$ (289,329) |
| Changes in assumptions | 30,543 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,046,287) |
| City contributions subsequent to the measurement date | 1,034,872 | - |
| Total | <u>\$ 2,552,891</u> | <u>\$ (1,335,616)</u> |

City contributions subsequent to the measurement date of \$1,034,872 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, 2020. 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 August 31, | |
|-------------------------------|-------------------|
| 2020 | \$ 45,601 |
| 2021 | 45,601 |
| 2022 | 45,601 |
| 2023 | 45,600 |
| Total | <u>\$ 182,403</u> |

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 \$269,337 and the employees' contributions approximated \$332,520 for the year ended August 31, 2019.

NOTE 9. DEFICIT FUND BALANCES

The Capital Grants Fund and the General Obligations Bond Fund reported a deficit fund balance in the amount of \$299,301 and \$23,211, respectively, as of August 31, 2019. These deficits will be reduced in future years by reduced expenditures and transfers in from other funds.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2019, are as follows:

| <u>Due To</u> | <u>Due From</u> | | | | <u>Total</u> |
|---------------|--------------------------------|--|----------------------------------|--------------------------------|--------------|
| | <u>Capital Grants Fund</u> | <u>General Obligation Bonds Fund</u> | <u>Nonmajor Governmental</u> | <u>Nonmajor Enterprise</u> | |
| General Fund | \$ 368,545 | \$ 33,841 | \$ 428,922 | \$ 32,165 | \$ 863,473 |
| Total | \$ 368,545 | \$ 33,841 | \$ 428,922 | \$ 32,165 | \$ 863,473 |

Interfund receivables and payables result from timing differences related to collection of taxes in Special Revenue Funds and payroll and other year-end transactions, which normally clear within one to two months.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended August 31, 2019, consisted of the following:

| <u>Transfer from</u> | <u>Transfer to</u> | | | <u>Total</u> |
|-----------------------|---------------------|--------------------------------|----------------------------------|---------------------|
| | <u>General</u> | <u>Capital Grants Fund</u> | <u>Nonmajor Governmental</u> | |
| General Fund | \$ - | \$ 666,480 | \$ 7,758,937 | \$ 8,425,417 |
| Stormwater Fund | 136,260 | - | - | 136,260 |
| Nonmajor Enterprise | 1,053,834 | - | - | 1,053,834 |
| Nonmajor Governmental | 357,801 | - | - | 357,801 |
| Total | <u>\$ 1,547,895</u> | <u>\$ 666,480</u> | <u>\$ 7,758,937</u> | <u>\$ 9,973,312</u> |

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.

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2019, \$307,715 of hotel/motel tax was collected. Of the total collected in the current and prior years, \$122,534 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 O.C.G.A §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, 2019, \$342,357 of excise tax was collected and \$174,000 was used to pay for tourism outlays within the City.

NOTES TO FINANCIAL STATEMENTS

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, 2019, 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 O.C.G.A. §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. O.C.G.A. §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.

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, 2019, the City agreed to pay the Water and Sewer Authority \$1,516,551 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.

On July 1, 2014, the Authority entered into an agreement to refinance the Series 2007 Variable Rate Revenue Bonds Authority with the Series 2014 bonds. The net results of the refinancing resulted in an economic loss of \$3,953,000 and a deferred outflow on the refunding of \$4,087,845.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

As of December 31, 2018, the Water and Sewer Authority's debt service requirements on the Series 2014 Variable Rate Revenue Bonds were as follows using a variable interest rate of 3-5%:

| <u>Fiscal Year Ending December 31,</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|--|----------------------|----------------------|----------------------|
| 2019 | \$ 2,646,350 | \$ 1,335,000 | \$ 1,311,350 |
| 2020 | 2,663,325 | 1,400,000 | 1,263,325 |
| 2021 | 2,695,525 | 1,490,000 | 1,205,525 |
| 2022 | 2,719,226 | 1,575,000 | 1,144,226 |
| 2023 | 2,745,850 | 1,675,000 | 1,070,850 |
| 2024 – 2028 | 14,115,067 | 10,070,000 | 4,045,067 |
| 2029 – 2033 | 14,793,588 | 13,310,000 | 1,483,588 |
| | <u>\$ 42,378,931</u> | <u>\$ 30,855,000</u> | <u>\$ 11,523,931</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.

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 several pending lawsuits. The nature of the lawsuits vary considerably. Management and the City's legal counsel have determined an aggregate liability, which is reasonably possible to arise from the proceedings of up to \$150,000. The entire amount is believed by management and legal counsel to be probable and was included in the claims payable on the government-wide statement of net position as of August 31, 2019. The City will continue to assert its position in a defense against these claims.

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.

NOTES TO FINANCIAL STATEMENTS

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION CITY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED AUGUST 31,

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | |
| Service cost | \$ 380,915 | \$ 395,133 | \$ 376,569 | \$ 364,644 | \$ 445,614 |
| Interest on total pension liability | 1,760,138 | 1,736,122 | 1,622,957 | 1,472,322 | 1,380,840 |
| Differences between expected and actual experience | 1,426,594 | (482,217) | 381,421 | 968,158 | 333,822 |
| Changes on assumptions | - | 50,903 | - | - | (237,288) |
| Benefit payments, including refunds of employee contributions | (1,083,330) | (944,523) | (896,982) | (825,925) | (659,221) |
| Net change in total pension liability | 2,484,317 | 755,418 | 1,483,965 | 1,979,199 | 1,263,767 |
| Total pension liability - beginning | 23,629,251 | 22,873,833 | 21,389,868 | 19,410,669 | 18,146,902 |
| Total pension liability - ending (a) | \$ 26,113,568 | \$ 23,629,251 | \$ 22,873,833 | \$ 21,389,868 | \$ 19,410,669 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 900,433 | \$ 987,884 | \$ 794,563 | \$ 1,006,474 | \$ 942,047 |
| Net investment income | 1,773,020 | 2,350,322 | 1,572,297 | 145,050 | 1,404,681 |
| Benefit payments, including refunds of employee contributions | (1,083,330) | (944,523) | (896,982) | (825,925) | (659,221) |
| Administrative expenses | (44,103) | (46,092) | (22,234) | (24,688) | (20,144) |
| Net change in plan fiduciary net position | 1,546,020 | 2,347,591 | 1,447,644 | 300,911 | 1,667,363 |
| Plan fiduciary net position - beginning | 17,896,405 | 15,548,814 | 14,101,170 | 13,800,259 | 12,132,896 |
| Plan fiduciary net position - ending (b) | \$ 19,442,425 | \$ 17,896,405 | \$ 15,548,814 | \$ 14,101,170 | \$ 13,800,259 |
| City's net pension liability - ending (a) - (b) | \$ 6,671,143 | \$ 5,732,846 | \$ 7,325,019 | \$ 7,288,698 | \$ 5,610,410 |
| Plan fiduciary net position as a percentage of the total pension liability | 74.45% | 75.74% | 67.98% | 65.92% | 71.10% |
| Covered payroll | \$ 7,075,950 | \$ 7,097,123 | \$ 6,801,085 | \$ 6,490,346 | \$ 6,121,491 |
| City's net pension liability as a percentage of covered payroll | 94.28% | 80.78% | 107.70% | 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 FOR THE FISCAL YEAR ENDED AUGUST 31,

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 1,313,081 | \$ 1,309,670 | \$ 1,221,351 | \$ 1,169,509 | \$ 1,241,986 |
| Contributions in relation to the actuarially determined contribution | <u>1,034,872</u> | <u>976,424</u> | <u>911,893</u> | <u>865,396</u> | <u>935,461</u> |
| Contribution deficiency (excess) | <u>\$ 278,209</u> | <u>\$ 333,246</u> | <u>\$ 309,458</u> | <u>\$ 304,113</u> | <u>\$ 306,525</u> |
| Covered payroll | \$ 8,912,707 | \$ 7,075,950 | \$ 7,097,123 | \$ 6,801,085 | \$ 6,490,346 |
| Contributions as a percentage of covered payroll | 11.61% | 13.80% | 12.85% | 12.72% | 14.41% |

Notes to the Schedule:

| | |
|--|---|
| Valuation date | January 1, 2019 |
| Cost method | Projected unit cost |
| 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 | 7.50% |
| Projected salary increases | 2.75% plus service based merit increases |
| Cost-of-living adjustment | 2.75% |
| 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 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.

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.

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.

The **2017 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2017 General Obligation Bond Issue.

CITY OF UNION CITY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2019**

| | Special Revenue Funds | | | | | | Multiple Operating Grant Fund |
|---|------------------------------------|---|-----------------------------|--------------------------|---------------------------|------------------------------------|--|
| | Federal Seized Funds Fund | Vehicle Rental Excise Tax Fund | Hotel/ Motel Tax Fund | Emergency 911 Fund | Inmate Welfare Fund | Tax Allocation District Fund | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 97,997 | \$ 196,725 | \$ 450,983 | \$ 56,566 | \$ 268,145 | \$ 645,666 | \$ 1,050,134 |
| Restricted cash | - | - | - | - | - | - | - |
| Taxes receivable | - | 28,271 | 25,709 | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | 181,704 |
| Prepaid expenditures | - | - | - | 155,000 | - | - | - |
| Total assets | <u>\$ 97,997</u> | <u>\$ 224,996</u> | <u>\$ 476,692</u> | <u>\$ 211,566</u> | <u>\$ 268,145</u> | <u>\$ 645,666</u> | <u>\$ 1,231,838</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 90,092 | \$ 1,620 | \$ - | \$ - | \$ 102,220 |
| Due to others | 81,418 | - | - | - | 69,122 | - | - |
| Due to other funds | - | - | - | 150,000 | 126,410 | - | - |
| Total liabilities | <u>81,418</u> | <u>-</u> | <u>90,092</u> | <u>151,620</u> | <u>195,532</u> | <u>-</u> | <u>102,220</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - intergovernmental revenue | - | - | - | - | - | - | 181,424 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>181,424</u> |
| FUND BALANCES (DEFICITS) | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid expenditures | - | - | - | 155,000 | - | - | - |
| Restricted for: | | | | | | | |
| Law enforcement | 16,579 | - | - | - | 72,613 | - | 948,194 |
| Economic development | - | 224,996 | 386,600 | - | - | - | - |
| Other capital projects | - | - | - | - | - | 645,666 | - |
| Debt service | - | - | - | - | - | - | - |
| Unassigned | - | - | - | (95,054) | - | - | - |
| Total fund balances (deficits) | <u>16,579</u> | <u>224,996</u> | <u>386,600</u> | <u>59,946</u> | <u>72,613</u> | <u>645,666</u> | <u>948,194</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 97,997</u> | <u>\$ 224,996</u> | <u>\$ 476,692</u> | <u>\$ 211,566</u> | <u>\$ 268,145</u> | <u>\$ 645,666</u> | <u>\$ 1,231,838</u> |

| Capital Projects Funds | | Debt Service Funds | | | | Totals |
|------------------------|-------------------|------------------------------|------------------------------|-----------------------------------|------------------------------|---------------------|
| Capital Projects Fund | CDBG Fund | 2010 General Obligation Bond | 2014 General Obligation Bond | 2010 Certificate of Participation | 2017 General Obligation Bond | |
| \$ 3,365,856 | \$ - | \$ 1,469 | \$ 4,747 | \$ - | \$ 3,076 | \$ 6,141,364 |
| 612,568 | - | - | - | - | - | 612,568 |
| - | - | - | - | - | - | 53,980 |
| - | 259,277 | - | - | - | - | 440,981 |
| 95,000 | - | - | - | - | - | 250,000 |
| <u>\$ 4,073,424</u> | <u>\$ 259,277</u> | <u>\$ 1,469</u> | <u>\$ 4,747</u> | <u>\$ -</u> | <u>\$ 3,076</u> | <u>\$ 7,498,893</u> |
| \$ 127,887 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 321,819 |
| - | - | - | - | - | - | 150,540 |
| - | 152,512 | - | - | - | - | 428,922 |
| <u>127,887</u> | <u>152,512</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>901,281</u> |
| - | - | - | - | - | - | 181,424 |
| - | - | - | - | - | - | 181,424 |
| 95,000 | - | - | - | - | - | 250,000 |
| - | - | - | - | - | - | 1,037,386 |
| - | - | - | - | - | - | 611,596 |
| 3,850,537 | 106,765 | - | - | - | - | 4,602,968 |
| - | - | 1,469 | 4,747 | - | 3,076 | 9,292 |
| - | - | - | - | - | - | (95,054) |
| <u>3,945,537</u> | <u>106,765</u> | <u>1,469</u> | <u>4,747</u> | <u>-</u> | <u>3,076</u> | <u>6,416,188</u> |
| <u>\$ 4,073,424</u> | <u>\$ 259,277</u> | <u>\$ 1,469</u> | <u>\$ 4,747</u> | <u>\$ -</u> | <u>\$ 3,076</u> | <u>\$ 7,498,893</u> |

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, 2019**

| | 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 | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 47,628 | \$ - |
| Other taxes | - | 342,357 | 307,715 | - | - | - | - |
| Charges for services | - | - | - | 14,586 | - | - | - |
| Intergovernmental revenue | - | - | - | - | - | - | 314,579 |
| Interest revenue | 383 | - | - | - | 3,391 | - | 449 |
| Total revenues | <u>383</u> | <u>342,357</u> | <u>307,715</u> | <u>14,586</u> | <u>3,391</u> | <u>47,628</u> | <u>315,028</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | 8,229 |
| Public safety | 15,785 | - | - | 503,423 | - | - | 288,480 |
| Public works | - | - | - | - | - | - | 329,706 |
| Economic development | - | - | 122,534 | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total expenditures | <u>15,785</u> | <u>-</u> | <u>122,534</u> | <u>503,423</u> | <u>-</u> | <u>-</u> | <u>626,415</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(15,402)</u> | <u>342,357</u> | <u>185,181</u> | <u>(488,837)</u> | <u>3,391</u> | <u>47,628</u> | <u>(311,387)</u> |
| Other financing sources (uses) | | | | | | | |
| Capital leases | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 552,400 | - | - | 928,560 |
| Transfers out | - | (174,000) | (183,801) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(174,000)</u> | <u>(183,801)</u> | <u>552,400</u> | <u>-</u> | <u>-</u> | <u>928,560</u> |
| Net change in fund balances | (15,402) | 168,357 | 1,380 | 63,563 | 3,391 | 47,628 | 617,173 |
| Fund balances (deficits), beginning of year | <u>31,981</u> | <u>56,639</u> | <u>385,220</u> | <u>(3,617)</u> | <u>69,222</u> | <u>598,038</u> | <u>331,021</u> |
| Fund balances (deficits), end of year | <u>\$ 16,579</u> | <u>\$ 224,996</u> | <u>\$ 386,600</u> | <u>\$ 59,946</u> | <u>\$ 72,613</u> | <u>\$ 645,666</u> | <u>\$ 948,194</u> |

| Capital Projects Funds | | Debt Service Funds | | | | Totals |
|------------------------|-------------------|------------------------------|------------------------------|-----------------------------------|------------------------------|---------------------|
| Capital Projects Fund | CDBG Fund | 2010 General Obligation Bond | 2014 General Obligation Bond | 2010 Certificate of Participation | 2017 General Obligation Bond | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 47,628 |
| - | - | - | - | - | - | 650,072 |
| - | - | - | - | - | - | 14,586 |
| - | 59,277 | - | - | - | - | 373,856 |
| 12,422 | - | - | - | - | - | 16,645 |
| <u>12,422</u> | <u>59,277</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,102,787</u> |
| - | - | - | - | - | - | 8,229 |
| - | - | - | - | - | - | 807,688 |
| - | - | - | - | - | - | 329,706 |
| - | - | - | - | - | - | 122,534 |
| 1,680,975 | 22,131 | - | - | - | - | 1,703,106 |
| 588,753 | - | - | 750,000 | - | 75,000 | 1,413,753 |
| 23,250 | - | - | 229,190 | - | 251,000 | 503,440 |
| <u>2,292,978</u> | <u>22,131</u> | <u>-</u> | <u>979,190</u> | <u>-</u> | <u>326,000</u> | <u>4,888,456</u> |
| <u>(2,280,556)</u> | <u>37,146</u> | <u>-</u> | <u>(979,190)</u> | <u>-</u> | <u>(326,000)</u> | <u>(3,785,669)</u> |
| 822,401 | - | - | - | - | - | 822,401 |
| 4,432,500 | 44,430 | - | 979,625 | 494,422 | 327,000 | 7,758,937 |
| - | - | - | - | - | - | (357,801) |
| <u>5,254,901</u> | <u>44,430</u> | <u>-</u> | <u>979,625</u> | <u>494,422</u> | <u>327,000</u> | <u>8,223,537</u> |
| 2,974,345 | 81,576 | - | 435 | 494,422 | 1,000 | 4,437,868 |
| 971,192 | 25,189 | 1,469 | 4,312 | (494,422) | 2,076 | 1,978,320 |
| <u>\$ 3,945,537</u> | <u>\$ 106,765</u> | <u>\$ 1,469</u> | <u>\$ 4,747</u> | <u>\$ -</u> | <u>\$ 3,076</u> | <u>\$ 6,416,188</u> |

CITY OF UNION CITY, GEORGIA

**GENERAL OBLIGATION BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|-----------------------|--------------------|---------------------|
| REVENUES | | | | |
| Interest revenues | \$ - | \$ 3,953 | \$ 3,953 | \$ - |
| Total revenues | <u>-</u> | <u>3,953</u> | <u>3,953</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Capital outlay | 5,414,633 | 5,415,033 | 3,397,273 | 2,017,760 |
| Debt service: | | | | |
| Net change in fund balance | <u>(5,414,633)</u> | <u>(5,411,080)</u> | <u>(3,393,320)</u> | <u>2,017,760</u> |
| FUND BALANCES, beginning of year | <u>3,370,109</u> | <u>3,370,109</u> | <u>3,370,109</u> | <u>-</u> |
| FUND BALANCES (DEFICIT), end of year | <u>\$ (2,044,524)</u> | <u>\$ (2,040,971)</u> | <u>\$ (23,211)</u> | <u>\$ 2,017,760</u> |

CITY OF UNION CITY, GEORGIA

**TSPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Sales tax | \$ 3,500,000 | \$ 3,500,000 | \$ 3,694,290 | \$ 194,290 |
| Interest revenue | - | - | 79,351 | 79,351 |
| Total revenues | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,773,641</u> | <u>273,641</u> |
| EXPENDITURES | | | | |
| Capital outlay | 7,618,769 | 7,618,769 | 1,107,142 | 6,511,627 |
| Total expenditures | <u>7,618,769</u> | <u>7,618,769</u> | <u>1,107,142</u> | <u>6,511,627</u> |
| Net change in fund balance | (4,118,769) | (4,118,769) | 2,666,499 | 6,785,268 |
| FUND BALANCES, beginning of year | <u>4,589,119</u> | <u>4,589,119</u> | <u>4,589,119</u> | - |
| FUND BALANCES, end of year | <u>\$ 470,350</u> | <u>\$ 470,350</u> | <u>\$ 7,255,618</u> | <u>\$ 6,785,268</u> |

CITY OF UNION CITY, GEORGIA

**CAPITAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental revenues | \$ 1,350,432 | \$ 1,350,432 | \$ 398,131 | \$ (952,301) |
| Total revenues | <u>1,350,432</u> | <u>1,350,432</u> | <u>398,131</u> | <u>(952,301)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 2,016,913 | 2,016,912 | 1,591,490 | 425,422 |
| Total expenditures | <u>2,016,913</u> | <u>2,016,912</u> | <u>1,591,490</u> | <u>425,422</u> |
| Deficiency of revenues under expenditures | <u>(666,481)</u> | <u>(666,480)</u> | <u>(1,193,359)</u> | <u>(526,879)</u> |
| OTHER FINANCING SOURCE | | | | |
| Transfers in | 666,481 | 666,480 | 666,480 | - |
| Total other financing source | <u>666,481</u> | <u>666,480</u> | <u>666,480</u> | <u>-</u> |
| Net change in fund balance | - | - | (526,879) | (526,879) |
| FUND BALANCES, beginning of year | <u>227,578</u> | <u>227,578</u> | <u>227,578</u> | <u>-</u> |
| FUND BALANCES (DEFICIT), end of year | <u>\$ 227,578</u> | <u>\$ 227,578</u> | <u>\$ (299,301)</u> | <u>\$ (526,879)</u> |

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, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|------------------|-----------------|
| REVENUES | | | | |
| Interest | \$ - | \$ 383 | \$ 383 | \$ - |
| Total revenues | <u>-</u> | <u>383</u> | <u>383</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Public safety | 42,641 | 15,785 | 15,785 | - |
| Total expenditures | <u>42,641</u> | <u>15,785</u> | <u>15,785</u> | <u>-</u> |
| Net change in fund balance | (42,641) | (15,402) | (15,402) | - |
| FUND BALANCES, beginning of year | <u>31,981</u> | <u>31,981</u> | <u>31,981</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ (10,660)</u> | <u>\$ 16,579</u> | <u>\$ 16,579</u> | <u>\$ -</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, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|-------------------|-------------------|
| REVENUES: | | | | |
| Other taxes | \$ 174,000 | \$ 174,000 | \$ 342,357 | \$ 168,357 |
| Total revenues | <u>174,000</u> | <u>174,000</u> | <u>342,357</u> | <u>168,357</u> |
| OTHER FINANCING USE: | | | | |
| Transfers out | <u>(174,000)</u> | <u>(174,000)</u> | <u>(174,000)</u> | <u>-</u> |
| Total other financing use | <u>(174,000)</u> | <u>(174,000)</u> | <u>(174,000)</u> | <u>-</u> |
| Net change in fund balance | - | - | 168,357 | 168,357 |
| FUND BALANCES, beginning of year | <u>56,639</u> | <u>56,639</u> | <u>56,639</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 56,639</u> | <u>\$ 56,639</u> | <u>\$ 224,996</u> | <u>\$ 168,357</u> |

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, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|-------------------|-----------------|
| REVENUES | | | | |
| Other taxes | \$ 310,000 | \$ 310,000 | \$ 307,715 | \$ (2,285) |
| Total revenues | <u>310,000</u> | <u>310,000</u> | <u>307,715</u> | <u>(2,285)</u> |
| EXPENDITURES | | | | |
| Economic development | 124,000 | 124,000 | 122,534 | 1,466 |
| Total expenditures | <u>124,000</u> | <u>124,000</u> | <u>122,534</u> | <u>1,466</u> |
| Excess of revenues over expenditures | <u>186,000</u> | <u>186,000</u> | <u>185,181</u> | <u>(819)</u> |
| OTHER FINANCING USE: | | | | |
| Transfers out | (186,000) | (186,000) | (183,801) | 2,199 |
| Total other financing use | <u>(186,000)</u> | <u>(186,000)</u> | <u>(183,801)</u> | <u>2,199</u> |
| Net change in fund balance | - | - | 1,380 | 1,380 |
| FUND BALANCES, beginning of year | <u>385,220</u> | <u>385,220</u> | <u>385,220</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 385,220</u> | <u>\$ 385,220</u> | <u>\$ 386,600</u> | <u>\$ 1,380</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, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|------------------|-----------------|
| REVENUES | | | | |
| Charges for services | \$ 14,000 | \$ 14,586 | \$ 14,586 | \$ - |
| Total revenues | <u>14,000</u> | <u>14,586</u> | <u>14,586</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Public safety | 566,400 | 503,423 | 503,423 | - |
| Total expenditures | <u>566,400</u> | <u>503,423</u> | <u>503,423</u> | <u>-</u> |
| Deficiency of revenues under expenditures | <u>(552,400)</u> | <u>(488,837)</u> | <u>(488,837)</u> | <u>-</u> |
| OTHER FINANCING SOURCE | | | | |
| Transfers in | 552,400 | 552,400 | 552,400 | - |
| Total other financing source | <u>552,400</u> | <u>552,400</u> | <u>552,400</u> | <u>-</u> |
| Net change in fund balance | - | 63,563 | 63,563 | - |
| FUND BALANCES (DEFICITS), beginning of year | <u>(3,617)</u> | <u>(3,617)</u> | <u>(3,617)</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ (3,617)</u> | <u>\$ 59,946</u> | <u>\$ 59,946</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, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|-------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ 47,628 | \$ 47,628 |
| Total revenues | <u>-</u> | <u>-</u> | <u>47,628</u> | <u>47,628</u> |
| EXPENDITURES | | | | |
| Capital outlay | 709,500 | 709,500 | - | 709,500 |
| Total expenditures | <u>709,500</u> | <u>709,500</u> | <u>-</u> | <u>709,500</u> |
| Net change in fund balance | (709,500) | (709,500) | 47,628 | (661,872) |
| FUND BALANCES, beginning of year | <u>598,038</u> | <u>598,038</u> | <u>598,038</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ (111,462)</u> | <u>\$ (111,462)</u> | <u>\$ 645,666</u> | <u>\$ (661,872)</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, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|-------------------|-----------------|
| REVENUES | | | | |
| Intergovernmental revenue | \$ 757,695 | \$ 314,579 | \$ 314,579 | \$ - |
| Interest revenue | - | - | 449 | 449 |
| Total revenues | <u>757,695</u> | <u>314,579</u> | <u>315,028</u> | <u>449</u> |
| EXPENDITURES | | | | |
| General government | 43,312 | 8,229 | 8,229 | - |
| Public safety | 808,614 | 288,480 | 288,480 | - |
| Public works | 827,826 | 329,706 | 329,706 | - |
| Total expenditures | <u>1,679,752</u> | <u>626,415</u> | <u>626,415</u> | <u>-</u> |
| Deficiency of revenues under expenditures | <u>(922,057)</u> | <u>(311,836)</u> | <u>(311,387)</u> | <u>449</u> |
| OTHER FINANCING SOURCE | | | | |
| Transfers in | 498,007 | 928,560 | 928,560 | - |
| Total other financing source | <u>498,007</u> | <u>928,560</u> | <u>928,560</u> | <u>-</u> |
| Net change in fund balance | (424,050) | 616,724 | 617,173 | 449 |
| FUND BALANCES, beginning of year | <u>331,021</u> | <u>331,021</u> | <u>331,021</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ (93,029)</u> | <u>\$ 947,745</u> | <u>\$ 948,194</u> | <u>\$ 449</u> |

CITY OF UNION CITY, GEORGIA

**CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|---------------------|-----------------------|
| REVENUES | | | | |
| Interest revenue | \$ - | \$ - | \$ 12,422 | \$ 12,422 |
| Total revenues | <u>-</u> | <u>-</u> | <u>12,422</u> | <u>12,422</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Capital outlay | 5,774,954 | 5,774,954 | 1,680,975 | 4,093,979 |
| Debt service | | | | |
| Principal | 98,319 | 588,753 | 588,753 | - |
| Interest | 4,218 | 23,250 | 23,250 | - |
| Total expenditures | <u>5,877,491</u> | <u>6,386,957</u> | <u>2,292,978</u> | <u>4,093,979</u> |
| Deficiency of revenues under expenditures | <u>(5,877,491)</u> | <u>(6,386,957)</u> | <u>(2,280,556)</u> | <u>(4,081,557)</u> |
| OTHER FINANCING SOURCES | | | | |
| Capital leases | 35,137 | 35,137 | 822,401 | 787,264 |
| Transfers in | 4,432,500 | 4,432,500 | 4,432,500 | - |
| Total other financing sources | <u>4,467,637</u> | <u>4,467,637</u> | <u>5,254,901</u> | <u>787,264</u> |
| Net change in fund balance | (1,409,854) | (1,919,320) | 2,974,345 | (3,294,293) |
| FUND BALANCES, beginning of year | <u>971,192</u> | <u>971,192</u> | <u>971,192</u> | <u>-</u> |
| FUND BALANCES (DEFICITS), end of year | <u>\$ (438,662)</u> | <u>\$ (948,128)</u> | <u>\$ 3,945,537</u> | <u>\$ (3,294,293)</u> |

CITY OF UNION CITY, GEORGIA

**CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|-------------------|-----------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 244,302 | \$ 59,277 | \$ 59,277 | \$ - |
| Total revenues | <u>244,302</u> | <u>59,277</u> | <u>59,277</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Capital outlay | 268,732 | 22,131 | 22,131 | - |
| Total expenditures | <u>268,732</u> | <u>22,131</u> | <u>22,131</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(24,430)</u> | <u>37,146</u> | <u>37,146</u> | <u>-</u> |
| OTHER FINANCING SOURCE: | | | | |
| Transfers in | 24,430 | 44,430 | 44,430 | - |
| Total other financing source | <u>24,430</u> | <u>44,430</u> | <u>44,430</u> | <u>-</u> |
| Net change in fund balance | - | 81,576 | 81,576 | - |
| FUND BALANCES, beginning of year | <u>25,189</u> | <u>25,189</u> | <u>25,189</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 25,189</u> | <u>\$ 106,765</u> | <u>\$ 106,765</u> | <u>\$ -</u> |

CITY OF UNION CITY, GEORGIA

**2014 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|-----------------|-----------------|
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | \$ 750,000 | \$ 750,000 | \$ 750,000 | \$ - |
| Interest | 229,625 | 229,625 | 229,190 | 435 |
| Total expenditures | <u>979,625</u> | <u>979,625</u> | <u>979,190</u> | <u>435</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 979,625 | 979,625 | 979,625 | - |
| Total other financing sources | <u>979,625</u> | <u>979,625</u> | <u>979,625</u> | <u>-</u> |
| Net change in fund balance | - | - | 435 | 435 |
| FUND BALANCES, beginning of year | <u>4,312</u> | <u>4,312</u> | <u>4,312</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 4,312</u> | <u>\$ 4,312</u> | <u>\$ 4,747</u> | <u>\$ 435</u> |

CITY OF UNION CITY, GEORGIA

**2010 CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|------------------|-------------------|
| OTHER FINANCING SOURCES | | | | |
| Transfers in | \$ - | \$ - | \$ 494,422 | \$ 494,422 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>494,422</u> | <u>494,422</u> |
| Net change in fund balance | - | - | 494,422 | 494,422 |
| FUND BALANCES (DEFICIT), beginning of year | <u>(494,422)</u> | <u>(494,422)</u> | <u>(494,422)</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ (494,422)</u> | <u>\$ (494,422)</u> | <u>\$ -</u> | <u>\$ 494,422</u> |

CITY OF UNION CITY, GEORGIA

**2017 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|------------------|-----------------|
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | \$ 75,000 | \$ 75,000 | \$ 75,000 | \$ - |
| Interest | 251,000 | 251,000 | 251,000 | - |
| Total expenditures | <u>326,000</u> | <u>326,000</u> | <u>326,000</u> | <u>-</u> |
| Deficiency of revenues under expenditures | <u>(326,000)</u> | <u>(326,000)</u> | <u>(326,000)</u> | <u>-</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 327,000 | 327,000 | 327,000 | - |
| Total other financing sources | <u>327,000</u> | <u>327,000</u> | <u>327,000</u> | <u>-</u> |
| Net change in fund balance | 1,000 | 1,000 | 1,000 | - |
| FUND BALANCES, beginning of year | <u>2,076</u> | <u>2,076</u> | <u>2,076</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 3,076</u> | <u>\$ 3,076</u> | <u>\$ 3,076</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, 2019**

| | Criminal Justice Management Fund | Sanitation Fund | Totals |
|--|---|----------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 757,579 | \$ 757,579 |
| Accounts receivable, net of allowances | - | 263,191 | 263,191 |
| Due from component unit | 32,344 | - | 32,344 |
| Total current assets | <u>32,344</u> | <u>1,020,770</u> | <u>1,053,114</u> |
| Total assets | <u>32,344</u> | <u>1,020,770</u> | <u>1,053,114</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 179 | 121,615 | 121,794 |
| Due to other funds | 32,165 | - | 32,165 |
| Total current liabilities | <u>32,344</u> | <u>121,615</u> | <u>153,959</u> |
| Total liabilities | <u>32,344</u> | <u>121,615</u> | <u>153,959</u> |
| NET POSITION | | | |
| Unrestricted | - | 899,155 | 899,155 |
| Total net position | <u>\$ -</u> | <u>\$ 899,155</u> | <u>\$ 899,155</u> |

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | Criminal Justice Management Fund | Sanitation Fund | Totals |
|--|---|----------------------------|--------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 564,351 | \$ 1,562,234 | \$ 2,126,585 |
| Other charges | - | 95,098 | 95,098 |
| Total operating revenues | <u>564,351</u> | <u>1,657,332</u> | <u>2,221,683</u> |
| OPERATING EXPENSES | | | |
| Purchased or contracted services | 148,168 | 1,390,302 | 1,538,470 |
| Total operating expenses | <u>148,168</u> | <u>1,390,302</u> | <u>1,538,470</u> |
| Operating income | 416,183 | 267,030 | 683,213 |
| TRANSFERS | | | |
| Transfers out | (920,679) | (133,155) | (1,053,834) |
| Total transfers | <u>(920,679)</u> | <u>(133,155)</u> | <u>(1,053,834)</u> |
| Change in net position | <u>(504,496)</u> | <u>133,875</u> | <u>(370,621)</u> |
| NET POSITION, beginning of year | <u>504,496</u> | <u>765,280</u> | <u>1,269,776</u> |
| NET POSITION, end of year | <u>\$ -</u> | <u>\$ 899,155</u> | <u>\$ 899,155</u> |

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | Criminal Justice Management Fund | Sanitation Fund | Totals |
|--|---|----------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 390,440 | \$ 1,647,148 | \$ 2,037,588 |
| Payments to suppliers | <u>(203,895)</u> | <u>(1,375,378)</u> | <u>(1,579,273)</u> |
| Net cash provided by operating activities | <u>186,545</u> | <u>271,770</u> | <u>458,315</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers | <u>(920,679)</u> | <u>(133,155)</u> | <u>(1,053,834)</u> |
| Net cash used in noncapital financing activities | <u>(920,679)</u> | <u>(133,155)</u> | <u>(1,053,834)</u> |
| Change in cash and cash equivalents | (734,134) | 138,615 | (595,519) |
| Cash and cash equivalents: | | | |
| Beginning of year | <u>734,134</u> | <u>618,964</u> | <u>1,353,098</u> |
| End of year | <u>\$ -</u> | <u>\$ 757,579</u> | <u>\$ 757,579</u> |

(Continued)

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

| | <u>Criminal Justice Management Fund</u> | <u>Sanitation Fund</u> | <u>Totals</u> |
|---|---|----------------------------|-------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 416,183 | \$ 267,030 | \$ 683,213 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Increase in accounts receivable | - | (10,184) | (10,184) |
| Decrease in due from others | 79,406 | - | 79,406 |
| Increase (decrease) in accounts payable | (30,168) | 14,924 | (15,244) |
| Decrease in accrued liabilities | (758) | - | (758) |
| Increase in due to other funds | 32,165 | - | 32,165 |
| Decrease in due to component unit | (285,482) | - | (285,482) |
| Decrease in net pension liability | (24,801) | - | (24,801) |
| Net cash provided by operating activities | <u>\$ 186,545</u> | <u>\$ 271,770</u> | <u>\$ 458,315</u> |

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, 2019**

| | <u>Balance September 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance August 31, 2019</u> |
|-----------------------------|--|---------------------|---------------------|--|
| MUNICIPAL COURT FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 39,502 | \$ 1,070,275 | \$ 1,072,519 | \$ 37,258 |
| Total assets | <u>\$ 39,502</u> | <u>\$ 1,070,275</u> | <u>\$ 1,072,519</u> | <u>\$ 37,258</u> |
| LIABILITIES | | | | |
| Due to others | \$ 39,502 | \$ 1,070,275 | \$ 1,072,519 | \$ 37,258 |
| Total liabilities | <u>\$ 39,502</u> | <u>\$ 1,070,275</u> | <u>\$ 1,072,519</u> | <u>\$ 37,258</u> |

COMPONENT UNIT

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---------------------------------------|----|--------------------|
| Receipts from customers and users | \$ | 425,556 |
| Due to primary government | | 32,344 |
| Payments to suppliers | | <u>(3,381,809)</u> |
| Net cash used in operating activities | | <u>(2,923,909)</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | |
|---|--|-----------------|
| Proceeds from issuance of debt | | 12,825,000 |
| Principal paid on bonds | | (11,840,000) |
| Distributions paid | | (447,899) |
| Interest paid | | <u>(54,798)</u> |
| Net cash provided by capital and related financing activities | | <u>482,303</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|------------|
| Interest and dividends received | | <u>137</u> |
| Net cash provided by investing activities | | <u>137</u> |

| | | |
|-------------------------------------|--|-------------|
| Change in cash and cash equivalents | | (2,441,469) |
|-------------------------------------|--|-------------|

Cash and cash equivalents:

| | | |
|-------------------|----|----------------------|
| Beginning of year | | <u>2,473,813</u> |
| End of year | \$ | <u><u>32,344</u></u> |

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

| | | |
|--|----|---------------------------|
| Operating income | \$ | 97,474 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Depreciation expense | | 40,263 |
| Changes in assets and liabilities: | | |
| Decrease in due from primary government | | 285,482 |
| Increase in deferred outflows of resources - deferred charge of refunding | | (928,472) |
| Increase in accounts payable | | 32,344 |
| Decrease in due to primary government | | <u>(2,451,000)</u> |
| Net cash provided by operating activities | \$ | <u><u>(2,923,909)</u></u> |

Schedule of non-cash capital and related financing activities:

| | | |
|---|----|--------------|
| Sale of capital assets to Fulton County | \$ | 12,825,000 |
| Issuance of intergovernmental receivable to Fulton County | | (12,825,000) |

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 | 89 – 95 |
| <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..... | 96 – 99 |
| <i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i> | |
| Debt Capacity..... | 100 – 104 |
| <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 | 105 and 106 |
| <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 | 107 – 109 |
| <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 | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 4,350,167 | \$ 2,298,610 | \$ 2,363,313 | \$ 2,046,237 | \$ 3,597,239 | \$ 3,531,201 | \$ 5,049,949 | \$ 598,455 | \$ 9,461,603 | \$ 12,268,365 |
| Restricted | 4,645,673 | 857,484 | 1,478,182 | 1,734,932 | 1,879,206 | 2,088,414 | 2,040,997 | 8,394,962 | 6,624,974 | 13,516,860 |
| Unrestricted | 2,692,528 | 3,697,905 | 1,603,503 | (102,458) | 1,903,353 | 2,254,399 | 5,350,512 | 9,888,086 | 12,973,607 | 14,222,021 |
| Total governmental activities net position | <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> | <u>\$ 18,881,503</u> | <u>\$ 29,060,184</u> | <u>\$ 40,007,246</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 12,298,174 | \$ 11,905,504 | \$ 9,993,975 | \$ 10,385,111 | \$ 8,901,118 | \$ 7,991,837 | \$ 7,209,006 | \$ 6,757,926 | \$ 6,296,865 | \$ 5,797,207 |
| Restricted | - | - | - | 925,910 | 2,059,130 | 1,970,454 | 1,834,024 | 1,535,293 | 1,449,250 | 1,374,641 |
| Unrestricted | 255,748 | (532,061) | 824,012 | 964,801 | 1,038,859 | 862,585 | 1,921,057 | 3,327,110 | 5,525,641 | 5,983,583 |
| Total business-type activities net position | <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> | <u>\$ 11,620,329</u> | <u>\$ 13,271,756</u> | <u>\$ 13,155,431</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 16,648,341 | \$ 14,204,114 | \$ 12,357,288 | \$ 12,431,348 | \$ 12,498,357 | \$ 11,523,038 | \$ 12,258,955 | \$ 7,356,381 | \$ 15,758,468 | \$ 18,065,572 |
| Restricted | 4,645,673 | 857,484 | 1,478,182 | 2,660,842 | 3,938,336 | 4,058,868 | 3,875,021 | 9,930,255 | 8,074,224 | 14,891,501 |
| Unrestricted | 2,948,276 | 3,165,844 | 2,427,515 | 862,343 | 2,942,212 | 3,116,984 | 7,271,569 | 13,215,196 | 18,499,248 | 20,205,604 |
| Total primary government net position | <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> | <u>\$ 30,501,832</u> | <u>\$ 42,331,940</u> | <u>\$ 53,162,677</u> |

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,490,131 | \$ 2,197,152 | \$ 2,211,266 | \$ 2,470,084 | \$ 2,054,613 | \$ 2,468,658 | \$ 2,424,138 | \$ 2,444,499 | \$ 3,781,555 | \$ 5,300,953 |
| Judicial | 426,544 | 467,691 | 468,800 | 452,295 | 436,347 | 383,138 | 444,132 | 454,518 | 426,489 | 490,390 |
| Public safety | 9,806,401 | 10,127,843 | 10,193,857 | 9,865,376 | 9,590,617 | 8,941,842 | 9,852,273 | 10,242,974 | 10,396,662 | 11,417,818 |
| Public works | 3,034,056 | 4,906,720 | 2,818,491 | 1,766,343 | 1,611,785 | 2,005,906 | 2,329,099 | 2,168,984 | 2,207,629 | 3,212,888 |
| Community services | - | - | - | - | - | - | - | - | - | - |
| Parks and recreation | 330,248 | 443,054 | 447,059 | 495,841 | 523,992 | 473,370 | 522,901 | 551,401 | 554,589 | 938,851 |
| Economic development | 932,850 | 643,677 | 815,159 | 832,622 | 751,348 | 710,296 | 684,237 | 646,318 | 852,933 | 934,250 |
| Interest on long-term debt | 839,703 | 665,503 | 666,233 | 591,502 | 531,627 | 329,512 | 221,368 | 422,825 | 436,104 | 437,610 |
| Issuance cost on long-term debt | - | - | - | - | - | 183,416 | - | 198,818 | - | - |
| Total governmental activities expenses | <u>17,859,933</u> | <u>19,451,640</u> | <u>17,620,865</u> | <u>16,474,063</u> | <u>15,500,329</u> | <u>15,496,138</u> | <u>16,478,148</u> | <u>17,130,337</u> | <u>18,655,961</u> | <u>22,732,760</u> |
| Business-type activities: | | | | | | | | | | |
| Water and sewerage | 6,551,474 | 5,961,017 | 6,651,946 | 6,690,719 | 7,279,343 | 7,137,318 | - | 7,178,488 | 7,261,987 | 7,797,294 |
| Sanitation | 700,470 | 677,006 | 763,164 | 736,123 | 611,799 | 1,063,063 | 1,493,200 | 1,642,981 | 1,611,225 | 1,538,470 |
| Stormwater | - | - | - | 55,470 | 223,238 | 1,685,368 | 734,022 | 271,592 | 231,166 | 499,988 |
| Criminal justice management | 3,568,864 | 2,889,058 | 3,387,775 | 2,372,405 | 365,455 | - | - | - | - | - |
| Total business-type activities expenses | <u>10,820,808</u> | <u>9,527,081</u> | <u>10,802,885</u> | <u>9,854,717</u> | <u>8,479,835</u> | <u>9,885,749</u> | <u>2,227,222</u> | <u>9,093,061</u> | <u>9,104,378</u> | <u>9,835,752</u> |
| Total primary government expenses | <u>28,680,741</u> | <u>28,978,721</u> | <u>28,423,750</u> | <u>26,328,780</u> | <u>23,980,164</u> | <u>25,381,887</u> | <u>18,705,370</u> | <u>26,223,398</u> | <u>27,760,339</u> | <u>32,568,512</u> |
| Program revenues | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 1,714,518 | 1,472,105 | 1,479,642 | 1,745,430 | 1,894,426 | 2,125,471 | 2,378,255 | 2,352,516 | 2,774,272 | 2,855,996 |
| Judicial | 158,576 | 128,438 | 137,908 | 130,030 | 77,926 | 43,564 | 61,063 | 46,479 | 48,654 | 59,523 |
| Public safety | 2,009,280 | 1,856,768 | 1,757,157 | 1,413,518 | 1,224,270 | 938,139 | 1,036,884 | 935,486 | 759,439 | 819,721 |
| Public works | - | - | - | - | - | 19,355 | 19,066 | 13,977 | 17,150 | 15,721 |
| Community services | - | - | - | - | - | - | - | - | - | - |
| Parks and recreation | 10,053 | 58,992 | 69,132 | 66,116 | 59,616 | 52,069 | 58,800 | 69,765 | 71,553 | 58,396 |
| Economic development | 8,917 | 9,585 | 6,425 | 8,790 | 29,430 | 47,051 | 29,773 | 89,294 | 222,512 | 594,332 |
| Operating grants and contributions | 533,300 | 495,636 | 778,084 | 501,184 | 237,834 | 113,940 | 29,930 | 40,612 | 55,636 | - |
| Capital grants and contributions | 50,000 | 98,986 | 461,879 | 270,551 | 213,471 | 386,851 | 545,682 | 616,252 | 918,282 | 1,673,477 |
| Total governmental activities program revenues | <u>\$ 4,484,644</u> | <u>\$ 4,120,510</u> | <u>\$ 4,690,227</u> | <u>\$ 4,135,619</u> | <u>\$ 3,736,973</u> | <u>\$ 3,726,440</u> | <u>\$ 4,159,453</u> | <u>\$ 4,164,381</u> | <u>\$ 4,867,498</u> | <u>\$ 6,077,166</u> |

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Program revenues (Continued) | | | | | | | | | | |
| Primary government (Continued): | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Charges for services | \$ 8,242,375 | \$ 8,750,735 | \$ 10,664,099 | \$ 9,733,232 | \$ 8,919,049 | \$ 9,202,096 | \$ 10,100,193 | \$ 9,742,564 | \$ 10,998,827 | \$ 10,878,717 |
| Total business-type activities | | | | | | | | | | |
| program revenues | 8,242,375 | 8,750,735 | 10,664,099 | 9,733,232 | 8,919,049 | 20,080,813 | 10,100,193 | 20,621,281 | 10,998,827 | 10,878,717 |
| Total primary government | | | | | | | | | | |
| program revenues | 12,727,019 | 12,871,245 | 15,354,326 | 13,868,851 | 12,656,022 | 23,807,253 | 14,259,646 | 24,785,662 | 15,866,325 | 16,955,883 |
| Net (expense)/ revenue | | | | | | | | | | |
| Governmental activities | (13,375,289) | (15,331,130) | (12,930,638) | (12,338,444) | (11,763,356) | (11,769,698) | (12,318,695) | (12,965,956) | (13,788,463) | (16,655,594) |
| Business-type activities | (2,578,433) | (776,346) | (138,786) | (121,485) | 439,214 | 10,195,064 | 7,872,971 | 11,528,220 | 1,894,449 | 1,042,965 |
| Total primary government | | | | | | | | | | |
| net expense | (15,953,722) | (16,107,476) | (13,069,424) | (12,459,929) | (11,324,142) | (1,574,634) | (4,445,724) | (1,437,736) | (11,894,014) | (15,612,629) |
| General revenues and other | | | | | | | | | | |
| changes in net position | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | 5,891,035 | 5,314,492 | 5,608,053 | 5,619,122 | 7,582,758 | 7,656,577 | 8,747,818 | 9,791,509 | 11,459,372 | 12,773,085 |
| Sales taxes | 2,825,733 | 2,753,242 | 3,010,345 | 3,015,388 | 4,506,448 | 5,051,758 | 5,079,836 | 6,524,359 | 8,943,451 | 9,411,819 |
| Insurance premium tax | 644,340 | 625,579 | 912,568 | 969,300 | 1,003,618 | 1,049,733 | 1,121,467 | 1,214,767 | 1,291,936 | 1,394,090 |
| Alcoholic beverage taxes | 4,860 | 11,754 | 17,208 | 19,393 | 21,659 | 25,439 | 21,220 | 21,216 | 20,009 | 18,153 |
| Other taxes | 275,659 | 229,639 | 311,868 | 341,579 | 415,704 | 457,764 | 453,738 | 453,656 | 498,105 | 650,072 |
| Franchise taxes | 1,165,361 | 1,110,159 | 1,206,596 | 1,158,518 | 1,186,078 | 1,200,932 | 1,364,897 | 1,360,726 | 1,398,275 | 1,506,941 |
| Unrestricted investment | | | | | | | | | | |
| earnings | 84,538 | 25,896 | 15,999 | 5,954 | 13,551 | 13,001 | 33,119 | 39,768 | 94,706 | 658,402 |
| Transfers | - | 426,000 | 439,000 | (157,492) | 734,627 | 59,591 | 64,044 | - | 261,290 | 1,190,094 |
| Total governmental activities | | | | | | | | | | |
| general revenues and other | | | | | | | | | | |
| changes in net position | 10,891,526 | 10,496,761 | 11,521,637 | 10,971,762 | 15,464,443 | 15,514,795 | 16,886,139 | 19,406,001 | 23,967,144 | 27,602,656 |
| Business-type activities | | | | | | | | | | |
| Unrestricted investment | | | | | | | | | | |
| earnings | 33,291 | 21,867 | 22,330 | 5,320 | 18,698 | - | 22,317 | 6,739 | 18,268 | 30,804 |
| Transfers | - | (426,000) | (439,000) | 157,492 | (734,627) | (59,591) | (64,044) | - | (261,290) | (1,190,094) |
| Total business-type activities | | | | | | | | | | |
| general revenues and other | | | | | | | | | | |
| changes in net position | \$ 33,291 | \$ (404,133) | \$ (416,670) | \$ 162,812 | \$ (715,929) | \$ (59,591) | \$ (41,727) | \$ 6,739 | \$ (243,022) | \$ (1,159,290) |

(Continued)

CITY OF UNION CITY, GEORGIA

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (2,483,763) | \$ (4,834,369) | \$ (1,409,001) | \$ (1,366,682) | \$ 3,701,087 | \$ 3,745,097 | \$ 4,567,444 | \$ 6,440,045 | \$ 10,178,681 | \$ 10,947,062 |
| Business-type activities | (2,545,142) | (1,180,479) | (555,456) | 41,327 | (276,715) | 10,135,473 | 7,831,244 | 11,534,959 | 1,651,427 | (116,325) |
| Total primary government change in net position | <u>\$ (5,028,905)</u> | <u>\$ (6,014,848)</u> | <u>\$ (1,964,457)</u> | <u>\$ (1,325,355)</u> | <u>\$ 3,424,372</u> | <u>\$ 13,880,570</u> | <u>\$ 12,398,688</u> | <u>\$ 17,975,004</u> | <u>\$ 11,830,108</u> | <u>\$ 10,830,737</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,753,827 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 4,050,270 | - | - | - | - | - | - | - | - | - |
| Nonspendable | - | 3,340,966 | 1,069,319 | 294,883 | 299,762 | 374,667 | 371,200 | 452,918 | 275,945 | 278,451 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | 366,464 | 779,072 | 659,313 | 2,913,410 | 6,451,766 | 10,052,404 | 14,123,277 | 18,895,537 | 19,842,330 |
| Total general fund | \$ 5,804,097 | \$ 3,707,430 | \$ 1,848,391 | \$ 954,196 | \$ 3,213,172 | \$ 6,826,433 | \$ 10,423,604 | \$ 14,576,195 | \$ 19,171,482 | \$ 20,120,781 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 4,302,707 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 996,461 | - | - | - | - | - | - | - | - | - |
| Capital projects funds | 20,259 | - | - | - | - | - | - | - | - | - |
| Debt service funds | 345,518 | - | - | - | - | - | - | - | - | - |
| Nonspendable, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | 12,604 | - | - | 198,204 | 165,170 | 165,170 | 155,000 | 155,000 |
| Capital projects funds | - | - | 6,250 | - | - | - | - | 94,567 | - | 95,000 |
| Restricted, reported in: | | | | | | | | | | |
| Special revenue funds | - | 510,589 | 326,324 | 266,446 | 600,367 | 681,707 | 665,886 | 629,865 | 1,402,899 | 1,648,982 |
| Capital projects funds | - | 2,350,414 | 1,974,957 | 1,148,622 | 957,267 | 1,102,894 | 1,047,549 | 5,929,135 | 9,183,187 | 11,858,586 |
| Debt service funds | - | 346,559 | 341,615 | 319,864 | 321,572 | 323,813 | 327,562 | 1,835,962 | 7,857 | 9,292 |
| Assigned, reported in: | | | | | | | | | | |
| Special revenue funds | - | 239,065 | 219,307 | 195,904 | 195,904 | 195,858 | 195,745 | 195,651 | 69,222 | - |
| Unassigned, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | (144,836) | - | (144,836) | (175,184) | (158,617) | (417,566) |
| Capital projects funds | - | - | - | (37,592) | (15,036) | (177,870) | (15,036) | - | (494,422) | - |
| Debt service fund | - | - | - | - | - | (38) | - | - | - | - |
| Total all other governmental funds | \$ 5,664,945 | \$ 3,446,627 | \$ 2,881,057 | \$ 1,893,244 | \$ 1,915,238 | \$ 2,324,568 | \$ 2,242,040 | \$ 8,675,166 | \$ 10,165,126 | \$ 13,349,294 |

Notes: GASB 54 was implemented during fiscal year 2011.

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 5,543,663 | \$ 5,673,239 | \$ 5,571,360 | \$ 5,650,963 | \$ 7,315,208 | \$ 8,069,214 | \$ 8,751,035 | \$ 9,727,696 | \$ 11,438,225 | \$ 12,714,288 |
| Sales taxes | - | - | - | - | - | - | - | 6,524,359 | 8,943,451 | 9,411,819 |
| Other taxes | 3,750,593 | 3,664,155 | 4,251,989 | 4,345,660 | 5,947,429 | 6,584,694 | 6,676,261 | 1,689,639 | 1,810,049 | 2,062,315 |
| Charges for services | 509,548 | 548,195 | 479,612 | 471,330 | 506,748 | 464,498 | 481,364 | 643,280 | 558,076 | 867,050 |
| Licenses and permits | 1,647,128 | 1,377,168 | 1,439,821 | 1,632,620 | 1,778,056 | 2,038,210 | 2,252,917 | 2,217,042 | 2,630,270 | 2,649,636 |
| Intergovernmental | 168,100 | 223,481 | 873,332 | 759,641 | 436,801 | 500,791 | 575,612 | 656,864 | 973,918 | 771,987 |
| Franchise taxes | 1,165,361 | 1,110,159 | 1,206,596 | 1,158,518 | 1,186,078 | 1,200,932 | 1,364,897 | 1,360,726 | 1,398,275 | 1,506,941 |
| Fines and forfeitures | 1,589,500 | 1,484,361 | 1,404,660 | 1,134,879 | 890,810 | 642,156 | 730,864 | 550,815 | 589,873 | 729,045 |
| Interest revenue | 84,538 | 25,896 | 15,999 | 5,954 | 13,551 | 13,001 | 33,119 | 39,768 | 94,707 | 658,402 |
| Rental income | 12,609 | 13,030 | 13,785 | 20,425 | 18,870 | 20,311 | 18,346 | 19,461 | 30,822 | 22,436 |
| Other revenues | 557,758 | 474,275 | 479,017 | 116,724 | 105,688 | 60,474 | 100,350 | 76,919 | 84,539 | 135,522 |
| Total revenues | \$ 15,028,798 | \$ 14,593,959 | \$ 15,736,171 | \$ 15,296,714 | \$ 18,199,239 | \$ 19,594,281 | \$ 20,984,765 | \$ 23,506,569 | \$ 28,552,205 | \$ 31,529,441 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | \$ 2,573,528 | \$ 2,174,146 | \$ 2,137,715 | \$ 2,050,824 | \$ 1,927,849 | \$ 2,152,585 | \$ 2,582,460 | \$ 2,858,582 | \$ 3,236,922 | \$ 3,926,810 |
| Judicial | 342,954 | 384,047 | 377,543 | 360,126 | 341,796 | 298,711 | 357,346 | 361,155 | 340,609 | 397,435 |
| Public safety | 9,625,312 | 9,703,075 | 9,673,917 | 9,224,427 | 8,825,056 | 8,711,449 | 9,155,803 | 9,370,391 | 10,107,383 | 10,915,831 |
| Public works | 1,713,341 | 1,727,828 | 1,574,058 | 1,390,823 | 1,423,334 | 1,584,853 | 1,799,620 | 1,708,825 | 1,783,430 | 2,750,999 |
| Community services | - | - | - | - | - | - | - | - | - | - |
| Parks and recreation | 245,778 | 376,373 | 338,913 | 368,894 | 374,883 | 359,452 | 384,182 | 453,919 | 477,397 | 766,940 |
| Economic development | 932,850 | 643,677 | 796,900 | 817,605 | 751,348 | 710,296 | 684,237 | 646,318 | 852,933 | 934,250 |
| Capital outlay | 2,533,517 | 4,083,991 | 1,576,565 | 1,393,579 | 507,667 | 403,015 | 735,032 | 1,811,510 | 3,870,185 | 7,799,011 |
| Debt service: | | | | | | | | | | |
| Principal | 6,180,687 | 1,079,492 | 1,623,662 | 1,728,241 | 1,772,797 | 1,310,580 | 1,458,601 | 1,315,988 | 1,966,332 | 1,413,753 |
| Interest | 856,817 | 662,315 | 660,550 | 617,203 | 568,294 | 280,212 | 356,885 | 313,757 | 518,758 | 503,440 |
| Bond issuance costs | 176,033 | - | - | - | - | 183,416 | - | 198,818 | 664 | - |
| Total expenditures | 25,180,817 | 20,834,944 | 18,759,823 | 17,951,722 | 16,493,024 | 15,994,569 | 17,514,166 | 19,039,263 | 23,154,613 | 29,408,469 |
| Excess (deficiency) of revenues over (under) expenditures | (10,152,019) | (6,240,985) | (3,023,652) | (2,655,008) | 1,706,215 | 3,599,712 | 3,470,599 | 4,467,306 | 5,397,592 | 2,120,972 |

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bond issuance | \$ 5,065,000 | \$ - | \$ - | \$ - | \$ - | \$ 8,560,000 | \$ - | \$ 5,000,000 | \$ - | \$ - |
| Premium on bonds | 101,052 | - | - | - | - | 525,671 | - | 767,177 | - | - |
| Payment to escrow agent | - | - | - | - | - | (8,902,255) | - | - | - | - |
| Capital lease | - | 1,500,000 | 160,043 | - | - | - | - | 351,234 | 426,365 | 822,401 |
| Transfers in | 6,406,225 | 2,656,524 | 2,954,516 | 3,174,200 | 3,296,255 | 2,741,365 | 3,260,132 | 2,877,080 | 4,088,570 | 9,973,312 |
| Transfers out | <u>(6,406,225)</u> | <u>(2,230,524)</u> | <u>(2,515,516)</u> | <u>(2,401,200)</u> | <u>(2,561,628)</u> | <u>(2,681,774)</u> | <u>(3,196,088)</u> | <u>(2,877,080)</u> | <u>(3,827,280)</u> | <u>(8,783,218)</u> |
| Total other financing sources (uses) | <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> | <u>6,118,411</u> | <u>687,655</u> | <u>2,012,495</u> |
| Net change in fund balances | <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> | <u>\$ 10,585,717</u> | <u>\$ 6,085,247</u> | <u>\$ 4,133,467</u> |
| Debt service as a percentage of noncapital expenditures | <u>30.1%</u> | <u>8.9%</u> | <u>12.9%</u> | <u>13.9%</u> | <u>14.8%</u> | <u>9.9%</u> | <u>10.2%</u> | <u>9.6%</u> | <u>12.7%</u> | <u>8.4%</u> |

CITY OF UNION CITY, GEORGIA

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

| Tax Year | Personal Property | | | Privately Owned Public Utilities | Total Property | | Total Direct Tax Rate | Assessed Value as a % of Actual Value |
|----------|-------------------|----------------|-----------------------|-------------------------------------|------------------------------------|--------------------------------------|--------------------------|--|
| | Real Property | Property (2) | Motor Vehicles (3) | Assessed Value | Total Taxable Assessed Value | Estimated Actual Taxable Value | | |
| 2010 | \$ 479,324,440 | \$ 24,496,587 | \$ 27,643,090 | \$ 5,516,443 | \$ 536,980,560 | \$ 1,342,451,400 | 9.50 | 40% |
| 2011 | 435,644,030 | 55,138,458 | 25,604,340 | 5,532,947 | 521,919,775 | 1,304,799,438 | 10.24 | 40% |
| 2012 | 451,574,153 | 50,036,827 | 26,687,160 | 6,754,886 | 535,053,026 | 1,337,632,565 | 10.60 | 40% |
| 2013 | 433,339,950 | 38,398,892 | 27,653,800 | 6,905,395 | 506,298,037 | 1,265,745,093 | 15.60 | 40% |
| 2014 | 428,501,870 | 29,682,537 | 21,982,160 | 7,116,549 | 487,283,116 | 1,218,207,790 | 15.69 | 40% |
| 2015 | 483,920,600 | 43,726,218 | 14,538,020 | 7,250,890 | 549,435,728 | 1,373,589,320 | 15.69 | 40% |
| 2016 | 513,015,770 | 93,676,001 (a) | 10,305,160 | 6,870,151 | 623,867,082 | 1,559,667,705 | 15.69 | 40% |
| 2017 | 590,981,340 | 76,462,970 | 7,448,103 | 8,163,077 | 683,055,490 | 1,707,638,725 | 16.43 | 40% |
| 2018 | 632,007,980 | 145,918,360 | 5,617,774 | 7,572,362 | 791,116,476 | 1,977,791,190 | 14.95 | 40% |
| 2019 | 716,739,300 | 144,409,005 | 4,512,549 | 12,370,634 | 878,031,488 | 2,195,078,720 | 14.33 | 40% |

Source: Fulton County Tax Assessor

(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 | | | | |
| 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 | 12.05 | 18.50 | 46.39 |
| 2015 | 13.412 | 2.280 | 15.692 | 0.05 | 10.75 | 18.50 | 44.99 |
| 2016 | 14.572 | 1.120 | 15.692 | 0.00 | 10.70 | 18.48 | 34.18 |
| 2017 | 14.665 | 1.760 | 16.425 | 0.00 | 10.63 | 18.55 | 45.60 |
| 2018 | 13.322 | 1.630 | 14.952 | 0.00 | 10.43 | 17.80 | 43.18 |
| 2019 | 12.952 | 1.374 | 14.326 | 0.00 | 10.119 | 17.80 | 42.24 |

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 | |
| 2010 | \$ 5,316,893 | \$ 4,803,669 | 90.35% | \$ 475,152 | \$ 5,278,821 | 99.28% | \$ 38,072 |
| 2011 | 4,759,160 | 4,533,053 | 95.25% | 200,364 | 4,733,417 | 99.46% | 25,743 |
| 2012 | 5,102,178 | 4,797,313 | 94.02% | 255,095 | 5,052,408 | 99.02% | 49,770 |
| 2013 | 5,351,680 | 5,235,029 | 97.82% | 82,822 | 5,317,851 | 99.37% | 33,829 |
| 2014 | 6,989,117 | 6,503,551 | 93.05% | 448,353 | 6,951,904 | 99.47% | 37,213 |
| 2015 | 7,011,056 | 6,811,199 | 97.15% | 152,220 | 6,963,419 | 99.32% | 47,637 |
| 2016 | 8,176,456 | 7,983,582 | 97.64% | 122,141 | 8,105,723 | 99.13% | 70,733 |
| 2017 | 9,219,975 | 9,090,025 | 98.59% | 56,959 | 9,146,984 | 99.21% | 72,991 |
| 2018 | 10,768,051 | 10,521,699 | 97.71% | 135,030 | 10,656,729 | 98.97% | 111,322 |
| 2019 | 11,855,967 | 11,657,143 | 98.32% | - | 11,657,143 | 98.32% | 198,823 |

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

| Taxpayer | 2019 | | | 2010 | | |
|--|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Development Authority of Fulton County | \$ 114,489,494 | 1 | 13.04% | \$ 18,404,360 | 1 | 3.43% |
| Majestic South Fulton Bldg 4 | 21,199,040 | 2 | 2.41% | | | |
| Google Inc | 20,538,838 | 3 | 2.34% | | | |
| ROC III Ga Legacy Ridge LLC | 15,838,080 | 4 | 1.80% | | | |
| PPF Industrial 5390 Hunter ROA | 11,200,000 | 5 | 1.28% | | | |
| Triangle Hidden Lake Inc | 10,702,240 | 6 | 1.22% | | | |
| TBB Evergreen Commons LLC | 10,408,800 | 7 | 1.19% | | | |
| Kellogg Sales Company | 9,937,484 | 8 | 1.13% | | | |
| USEF I85 Distribution Center | 9,121,440 | 9 | 1.04% | | | |
| South Fulton Parkway LLC | 9,024,760 | 10 | 1.03% | 7,069,400 | 6 | 1.32% |
| Thurman Investments, LLC | | | | 9,201,680 | 2 | 1.71% |
| Wal Mart Stores, Inc. | | | | 8,355,060 | 3 | 1.56% |
| CM Buffington Road, LLC | | | | 7,990,000 | 4 | 1.49% |
| WyndSOR Forest Apartments, LLC | | | | 7,720,040 | 5 | 1.44% |
| D.L. Claborn | | | | 6,545,340 | 7 | 1.22% |
| W D O P Sub 1 LP | | | | 6,486,820 | 8 | 1.21% |
| Shannon Mall Investments, LLC | | | | 6,293,290 | 9 | 1.17% |
| Summer Glen Associates | | | | 6,120,000 | 10 | 1.14% |
| | \$ 232,460,176 | | 26.48% | \$ 84,185,990 | | 15.69% |

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 | | | |
| 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 |
| 2017 | 13,913,899 | 805,000 | 1,203,995 | - | 0.93% | 774.46 | 8,920,888 | 24,843,782 | 1.45% | 6.99% | 1,208.36 |
| 2018 | 13,085,258 | - | 425,293 | - | 0.68% | 632.22 | 8,451,827 | 21,962,378 | 1.11% | 5.84% | 1,027.72 |
| 2019 | 12,162,860 | - | 658,941 | - | 0.00% | 586.19 | 7,967,324 | 20,789,125 | 0.95% | 5.19% | 950.45 |

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 | | |
| 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 |
| 2017 | 20,560 | 683,055,490 | 13,913,899 | 435,044 | 13,478,855 | 1.97% | 655.59 |
| 2018 | 21,370 | 791,116,476 | 13,085,258 | 7,857 | 13,077,401 | 1.65% | 611.95 |
| 2019 | 21,873 | 878,031,488 | 12,162,860 | 9,292 | 12,153,568 | 1.38% | 555.64 |

CITY OF UNION CITY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Debt Limit | \$ 53,698,056 | \$ 52,191,978 | \$ 56,858,181 | \$ 49,493,881 | \$ 48,728,312 | \$ 54,943,573 | \$ 62,386,708 | \$ 68,883,979 | \$ 79,111,648 | \$ 87,803,149 |
| Total net debt applicable to limit | 15,048,433 | 14,412,583 | 13,413,324 | 12,774,136 | 12,223,113 | 11,314,876 | 9,581,440 | 14,283,855 | 13,077,401 | 12,153,568 |
| Legal Debt Margin | <u>\$ 43,101,899</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>\$ 52,805,268</u> | <u>\$ 54,600,124</u> | <u>\$ 66,034,247</u> | <u>\$ 75,649,581</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 28.52% | 27.61% | 23.59% | 25.81% | 25.08% | 20.59% | 15.36% | 20.74% | 16.53% | 13.84% |
| Assessed Value | | | | | | | | | | \$ 878,031,488 |
| Debt limit (10% of assessed value) | | | | | | | | | | 87,803,149 |
| Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds and certificates of participation | | | | | | | | | | 12,162,860 |
| Less: Amount set aside for repayment of general obligation debt | | | | | | | | | | (9,292) |
| Total net debt applicable to limit | | | | | | | | | | <u>12,153,568</u> |
| Legal debt margin | | | | | | | | | | <u>\$ 75,649,581</u> |

Notes: Under state finance law, the City's outstanding general obligation debt should not exceed 10% 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 AUGUST 31, 2019

| Jurisdiction | Debt Outstanding | Estimated Percentage Applicable ^(a) | Amount Applicable to the City of Union City |
|---|---------------------|--|--|
| Fulton County, Georgia - Overlapping Debt | | | |
| Certificates of Participation | \$ 19,315,000 | 1.07% | \$ 206,847 |
| Library General Obligation Bonds | 245,227,000 | 1.07% | 2,626,165 |
| Economic Recovery Zone Bonds | 59,651,000 | 1.07% | 638,810 |
| | | | 3,471,821 |
| Fulton County School District - Overlapping Debt | | | |
| Subtotal, overlapping debt | 32,715,000 | 1.07% | 350,349 |
| City of Union City, Georgia - Direct Debt | | | |
| | | | 12,162,860 |
| City of Union City, Georgia - Capital Leases | | | |
| | | | 658,941 |
| Total Direct and Overlapping Debt | | | \$ 16,643,971 |

Source: Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2018) and City Finance Departments.

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

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 |
|----------------|-------------------------------|--------------------------------|-----------------------------|------------------|------------|----------|
| 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 | 4,885,824 (3) | 1,625,584 | 435,000 | 358,325 | 2.05 |
| 2014 | 6,509,855 | 5,375,472 | 1,134,383 | 440,000 | 349,626 | 1.44 |
| 2015 | 6,919,542 | 5,218,226 | 1,701,316 | 450,000 | 342,466 | 2.15 |
| 2016 | 7,445,937 | 5,794,179 | 1,651,758 | 460,000 | 341,989 | 2.06 |
| 2017 | 7,057,558 | 5,387,243 | 1,670,315 | 470,000 | 332,024 | 2.08 |
| 2018 | 8,077,227 | 5,335,102 | 2,742,125 | 480,000 | 319,814 | 3.43 |
| 2019 | 7,807,636 | 5,973,859 | 1,833,777 | 495,000 | 306,884 | 2.29 |

(1) Bonds were paid off in 2010.

(2) 2012 Series Bond issued during FY 2012.

(3) Operating expenses include one time fee of \$6,374,613 paid to Fulton County for additional capacity at Camp Creek Water Reclamation Facility.

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
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| Business | 2019 | | | 2010 | | |
|---------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Wal Mart | 2893 | 1 | 26.18% | 330 | 2 | 6.00% |
| Excel Inc | 1302 | 2 | 11.78% | 247 | 3 | 4.49% |
| DIVERSE STAFFING | 640 | 3 | 5.79% | | | |
| AURORA PARTS & ACCESSORIES, LLC | 258 | 4 | 2.34% | | | |
| XPO LOGISTICS WORLDWIDE, INC | 250 | 5 | 2.26% | | | |
| PRUITT HEALTH-CHRISTIAN CITY | 235 | 6 | 2.13% | | | |
| AMERICAN BUILDING SUPPLY | 227 | 7 | 2.05% | | | |
| DENDREON PHARMACEUTICALS, INC | 221 | 8 | 2.00% | | | |
| AMAZON.COM SERVICES INC | 210 | 9 | 1.90% | | | |
| UFP UNION CITY, LLC | 161 | 10 | 1.46% | | | |
| CHRISTIAN CITY | | | | 355 | 1 | 6.45% |
| KROGER | | | | 199 | 4 | 3.62% |
| DSC LOGISTICS | | | | 165 | 5 | 3.00% |
| NISSAN OF UNION CITY | | | | 120 | 6 | 2.18% |
| SADDLE CREEK CORP | | | | 115 | 7 | 2.09% |
| UFP EASTERN DIVISION INC | | | | 110 | 8 | 2.00% |
| MORTENSON WOODWORKING | | | | 92 | 9 | 1.67% |
| NEWELL RUBBERMAID | | | | 91 | 10 | 1.65% |

Source: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

| Business | 2019 | | | 2010 | | |
|---------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Wal Mart | 2893 | 1 | 26.18% | 330 | 2 | 6.00% |
| Excel Inc | 1302 | 2 | 11.78% | 247 | 3 | 4.49% |
| DIVERSE STAFFING | 640 | 3 | 5.79% | | | |
| AURORA PARTS & ACCESSORIES, LLC | 258 | 4 | 2.34% | | | |
| XPO LOGISTICS WORLDWIDE, INC | 250 | 5 | 2.26% | | | |
| PRUITT HEALTH-CHRISTIAN CITY | 235 | 6 | 2.13% | | | |
| AMERICAN BUILDING SUPPLY | 227 | 7 | 2.05% | | | |
| DENDREON PHARMACEUTICALS, INC | 221 | 8 | 2.00% | | | |
| AMAZON.COM SERVICES INC | 210 | 9 | 1.90% | | | |
| UFP UNION CITY, LLC | 161 | 10 | 1.46% | | | |
| CHRISTIAN CITY | | | | 355 | 1 | 6.45% |
| KROGER | | | | 199 | 4 | 3.62% |
| DSC LOGISTICS | | | | 165 | 5 | 3.00% |
| NISSAN OF UNION CITY | | | | 120 | 6 | 2.18% |
| SADDLE CREEK CORP | | | | 115 | 7 | 2.09% |
| UFP EASTERN DIVISION INC | | | | 110 | 8 | 2.00% |
| MORTENSON WOODWORKING | | | | 92 | 9 | 1.67% |
| NEWELL RUBBERMAID | | | | 91 | 10 | 1.65% |

Source: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Government | | | | | | | | | | |
| Administration | 2 | 1 | 3 | 3 | 3 | 2 | 2 | 2 | 4 | 4 |
| City Clerk | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 1 | 1 |
| Finance | 4 | 4 | 4 | 4 | 4 | 5 | 6 | 6 | 4 | 4 |
| Finance- water and sewer | 5 | 5 | 6 | 6 | 5 | 4 | 4 | 4 | 5 | 4 |
| Human Resources | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 | 2 | 3 |
| Information Technology | 0 | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Judicial | | | | | | | | | | |
| Municipal Court | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 4 |
| Housing and Development | | | | | | | | | | |
| Planning Department | 3 | 3 | 2 | 1 | 2 | 3 | 3 | 3 | 4 | 5 |
| Public Safety | | | | | | | | | | |
| Police | 62 | 61 | 61 | 57 | 54 | 58 | 65 | 63 | 64 | 68 |
| Fire | 52 | 49 | 51 | 46 | 46 | 47 | 50 | 48 | 50 | 57 |
| Jail | 44 | 50 | 42 | 40 | 1 | 1 | 1 | 1 | 1 | 1 |
| E-911 Communications | 10 | 10 | 9 | 10 | 8 | 0 | - | - | - | - |
| Public Works | | | | | | | | | | |
| Building and Grounds | 3 | 3 | 4 | 3 | 3 | 1 | 4 | 3 | 3 | 1 |
| Code Enforcement | 4 | 4 | 4 | 4 | 3 | 2 | 3 | 3 | 3 | 3 |
| Roads and Bridges | 20 | 17 | 16 | 12 | 13 | 13 | 14 | 14 | 15 | 22 |
| Water and Sewer | 12 | 10 | 9 | 10 | 10 | 9 | 9 | 9 | 9 | 9 |
| Parks and Recreation | 3 | 3 | 6 | 6 | 5 | 4 | 5 | 4 | 9 | 10 |
| Operations | 1 | 2 | - | 0 | 1 | 1 | 1 | 2 | 2 | 3 |
| Total | <u>233</u> | <u>231</u> | <u>226</u> | <u>212</u> | <u>168</u> | <u>157</u> | <u>176</u> | <u>170</u> | <u>182</u> | <u>200</u> |

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 | Calendar Year | | | | | | | | | |
|---|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Fire | | | | | | | | | | |
| Inspections Conducted | 720 | 948 | 948 | 998 | 879 | 756 | 3 | 1,171 | 890 | 937 |
| Police | | | | | | | | | | |
| Number of Law Violations | | | | | | | | | | |
| Physical Arrests | 2,256 | 2,437 | 2,437 | 1,816 | 1,028 | 1,263 | 907 | 812 | 836 | 932 |
| Traffic and Parking Violations | 12,597 | 15,006 | 15,006 | 8,673 | 6,257 | 6,067 | 5,078 | 3,391 | 4,650 | 9,000 |
| Public Service - Sewerage System | | | | | | | | | | |
| Daily Average Treatment in Gallons | 1,663,372 | 1,553,414 | 1,553,414 | 1,922,000 | 1,922,000 | 1,922,000 | 1,922,000 | 1,715,000 | # 2,878,000 | 2,878,000 |
| Max. Daily Capacity of Plant in Gallons | 2,400,000 | 2,400,000 | 2,400,000 | 3,713,000 | 3,713,000 | 3,713,000 | 3,713,000 | 3,982,200 | # 3,982,200 | 3,982,200 |
| Service Connections | 4,500 | 4,206 | 4,206 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 5,211 |
| Public Service - Streets | | | | | | | | | | |
| Highway and Streets Resurfacing | 15 | 17 | 17 | 6 | 5 | 3 | 2 | 0 | # 22 | 22 |
| Public Service - Water System | | | | | | | | | | |
| Daily Average Consumption in Gallons | 1,180,000 | 1,200,000 | 1,200,000 | 1,110,000 | 1,110,000 | 1,110,000 | 1,200,000 | 1,357,672 | 1,400,000 | 1,400,000 |
| Max. Daily Capacity of Plant in Gallons | Purchased | Purchased | Purchased | Purchased | Purchased | Purchased | Purchased | Purchased | Purchased | Purchased |
| Service Connections | 4,500 | 4,523 | 4,523 | 4,500 | 4,506 | 4,506 | 4,506 | 4,506 | 4,506 | 5,530 |

Source: Various City Departments

Notes: Indicators are not available for the general government or culture and recreation functions. Departments maintain statistical information on a calendar-year basis.

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| <i>Culture and Recreation</i> | | | | | | | | | | |
| Park Acreage | 22 | 22 | 34 | 34 | 34 | 34 | 34 | 34 | 55 | 55 |
| Parks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis Courts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Baseball Fields | 2 | 2 | 2 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community Centers & Depot | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| <i>Fire</i> | | | | | | | | | | |
| Fire Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <i>Police</i> | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 48 | 48 | 48 | 48 | 56 | 56 | 64 | 68 | 44 | 61 |
| Patrol Zones | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <i>Public Service - Sewerage System</i> | | | | | | | | | | |
| Sanitary Sewer (Miles) | 79.9 | 79.9 | 79.9 | 79.9 | 90.0 | 90 | 90 | 90 | 90 | 90 |
| Treatment Plants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Public Service - Streets</i> | | | | | | | | | | |
| Streets (Miles) | 115.1 | 115.1 | 115.1 | 115.1 | 115.7 | 115.7 | 115.7 | 115.7 | 115.7 | 115.7 |
| Streets (Lights) | 912 | 912 | 1,068 | 1,188 | 1,188 | 1188 | 1223 | 1205 | 1236 | 1242 |
| <i>Public Service - Water System</i> | | | | | | | | | | |
| Water Mains (Miles) | 69 | 69 | 69 | 68 | 80 | 80 | 80 | 80 | 80 | 80 |
| Number of Fire Hydrants | 538 | 540 | 540 | 565 | 591 | 591 | 591 | 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 26, 2020.

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 have not been 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.



Macon, Georgia
March 26, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY *THE UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

We have audited the City of Union City, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended August 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
March 26, 2020

CITY OF UNION CITY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Grant Identification Number</u> | <u>Expenditures</u> | <u>Amount Provided to Subrecipients</u> |
|--|------------------------------------|--|---------------------|---|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| (Passed through Fulton County, Georgia) | | | | |
| State Administered CDBG Cluster Community Development Block Grant | 14.218 | B11UC130003 | \$ 46,548 | \$ - |
| Total U.S. Department of Housing and Urban Development | | | <u>46,548</u> | <u>-</u> |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Staffing for Adequate Fire and Emergency Repsonse | 97.083 | EMW-2017-FH-00494 | 202,436 | - |
| Total U.S. Department of Homeland Security | | | <u>202,436</u> | <u>-</u> |
| <u>U.S. Department of Transportation</u> | | | | |
| (Passed through Georgia Department of Transportation) | | | | |
| Highway Planning and Construction Cluster | | | | |
| Highway Plannning and Construction | 20.205 | CSTEE-0006-00(644) | 500,000 | - |
| Highway Plannning and Construction | 20.205 | CSTEE-0009-00(060) | 327,796 | - |
| Total U.S. Department of Transportation | | | <u>827,796</u> | <u>-</u> |
| <u>U.S. Department of Justice</u> | | | | |
| Justice Assistance Grant | 16.738 | 2018-DJ-BX-0396 | 16,914 | - |
| Justice Assistance Grant | 16.738 | 2017-DJ-BX-0824 | 15,690 | - |
| Total U.S. Department of Justice | | | <u>32,604</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,109,384</u> | <u>\$ -</u> |

CITY OF UNION CITY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

NOTE 1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the City of Union City, Georgia (the "City") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City elected not to use the 10% de minimis indirect cost rate.

NOTE 3. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended August 31, 2019.

CITY OF UNION CITY, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

**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

Internal Control over major programs:
Material weaknesses identified? Yes No

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

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance Yes No

Identification of major program:

| | |
|-------------|---|
| CFDA Number | Name of Federal Program or Cluster |
| 20.205 | U.S. Department of Transportation Highway Planning and Construction Cluster |

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF UNION CITY, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

**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, 2019

STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.