

City of Adairsville, Georgia

Annual Financial Report

for the

Fiscal Year Ended December 31, 2015

By Authority of

The Mayor and City Council

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CITY OF ADAIRSVILLE, GEORGIA
Annual Financial Report
Year Ended December 31, 2015

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of Adairsville
Adairsville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of December 31, 2015, 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 conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios on page 38 and the Schedule of Contributions – Pension Plan on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules and the Schedules of Special Local Option Sales Tax Expenditures on pages 40-45 and 51-52 respectively, 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 the Schedules of Special Local Option Sales Tax Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2016, on our consideration of the City of Adairsville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Adairsville, Georgia's internal control over financial reporting and compliance.

Williamson and Company

Williamson and Company
Certified Public Accountants
June 12, 2016

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BASIC FINANCIAL STATEMENTS

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CITY OF ADAIRSVILLE, GEORGIA
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Adairsville Development Authority
Assets				
Cash	$ 2,722,012	$ 3,757,556	$ 6,479,568	$ 42,876
Receivables - Net	430,245	712,582	1,142,827	-
Prepaid Items	46,222	28,548	74,770	-
Inventory	-	124,906	124,906	-
Internal Balances	(1,111,661)	1,111,661	-	-
Due from Other Governments	209,252	-	209,252	-
Restricted Assets:				
Restricted Cash	296,945	-	296,945	-
Capital Assets				
Land and Construction in Progress	3,319,895	800,925	4,120,820	112,565
Other Capital Assets-Net	5,141,293	15,434,908	20,576,201	287,443
Total Assets	11,054,203	21,971,086	33,025,289	442,884
Deferred Outflows of Resources				
Pension Contributions	38,378	20,092	58,470	-
Total Deferred Outflows of Resources	38,378	20,092	58,470	-
Total Assets and Deferred Outflows of Resources	11,092,581	21,991,178	33,083,759	442,884
Liabilities				
Accounts Payable	21,285	278,772	300,057	-
Accrued Liabilities	42,252	25,809	68,061	-
Customer Deposits	-	484,761	484,761	425
Interest Payable	-	11,368	11,368	-
Noncurrent Liabilities				
Due Within One Year	10,971	322,932	333,903	-
Due In More Than One Year	231,659	1,628,322	1,859,981	9,400
Total Liabilities	306,167	2,751,964	3,058,131	9,825
Deferred Inflows of Resources				
Pension Plan Changes	26,038	13,631	39,669	-
Total Deferred Inflows of Resources	26,038	13,631	39,669	-
Net Position				
Net Investment in Capital Assets	8,461,188	14,483,232	22,944,420	400,008
Restricted For				
Construction	398,133	-	398,133	-
Drug Enforcement Activities	5,392	-	5,392	-
Other Purposes	10,930	-	10,930	-
Unrestricted	1,884,733	4,742,350	6,627,083	33,051
Total Net Position	$ 10,760,376	$ 19,225,582	$ 29,985,958	$ 433,059

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Mayor and Council	$ 120,839	$ -	$ -	$ -
Administration	583,121	413,575	-	691,861
Police	1,281,319	164,259	-	-
Court Services	114,201	-	-	-
Contracted Public Safety Services	97,269	-	-	-
Streets and Roads	663,600	2,904	-	44,771
Culture and Recreation	210,025	32,391	-	-
Community Development	177,200	-	-	-
Total Governmental Activities	3,247,574	613,129	-	736,632
Business-type Activities:				
Water/Sewer	2,258,349	2,621,003	-	29,714
Gas	2,539,988	3,035,067	-	39,215
Total Business-type Activities	4,798,337	5,656,070	-	68,929
Total Primary Government	$ 8,045,911	$ 6,269,199	$ -	$ 805,561
Component Unit:				
Adairsville Development Authority	$ 12,316	$ 7,200	$ -	$ -
Total Component Unit	$ 12,316	$ 7,200	$ -	$ -

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Adairsville Development Authority
Primary Government:				
Governmental Activities:				
Mayor and Council	$ (120,839)		$ (120,839)	
Administration	522,315		522,315	
Police	(1,117,060)		(1,117,060)	
Fire	(114,201)		(114,201)	
Contracted Public Safety Services	(97,269)		(97,269)	
Streets and Roads	(615,925)		(615,925)	
	(177,634)		(177,634)	
	(177,200)		(177,200)	
Total Governmental Activities	(1,897,813)		(1,897,813)	
Business-type Activities:				
Water/Sewer		$ 392,368	392,368	
Gas		534,294	534,294	
Total Business-type Activities		926,662	926,662	
Total Primary Government			(971,151)	
Component Unit:				
Adairsville Development Authority				$ (5,116)
Total Component Unit				(5,116)
General Revenues:				
Taxes:				
Property	615,180	-	615,180	-
Sales	904,622	-	904,622	-
Hotel/Motel	184,315	-	184,315	-
Insurance Premium	267,820	-	267,820	-
Malt & Mixed Beverage	93,610	-	93,610	-
Franchise	356,171	-	356,171	-
Other	70,390	-	70,390	-
Miscellaneous	5,021	-	5,021	-
Investment Earnings	6,636	4,725	11,361	39
Insurance Recoveries	15,504	-	15,504	-
Gain on Disposal of Capital Assets	4,328	4,075	8,403	-
Total General Revenues	2,523,597	8,800	2,532,397	39
Change in Net Position	625,784	935,462	1,561,246	(5,077)
Net Position - Beginning, Restated	10,134,592	18,290,120	28,424,712	438,136
Net Position - Ending	$ 10,760,376	$ 19,225,582	$ 29,985,958	$ 433,059

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Capital Projects SPLOST 2008	Capital Projects SPLOST 2014	Nonmajor Special Revenue Funds	Total Governmental Funds
Assets					
Cash	$ 2,722,012	$ -	$ -	$ -	$ 2,722,012
Receivables, Net					
Accounts	24,021	-	-	-	24,021
Taxes	385,894	-	-	10,930	396,824
Loan	9,400	-	-	-	9,400
Prepaid Items	46,222	-	-	-	46,222
Due from Other Governments	96,167	-	113,085	-	209,252
Cash - Restricted	-	137,029	154,524	5,392	296,945
Total Assets	$ 3,283,716	$ 137,029	$ 267,609	$ 16,322	$ 3,704,676
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable	$ 14,780	$ -	$ 6,505	$ -	$ 21,285
Accrued Wages Payable and Withholdings	42,252	-	-	-	42,252
Due to Other Funds	1,111,661	-	-	-	1,111,661
OPEB Liability - Short-term	10,971	-	-	-	10,971
Total Liabilities	1,179,664	-	6,505	-	1,186,169
Deferred Inflows of Resources:					
Unearned Tax Revenue	35,963	-	-	-	35,963
Total Deferred Inflows of Resources	35,963	-	-	-	35,963
Fund Balance:					
Nonspendable:					
Prepaid Items	46,222	-	-	-	46,222
Loans Receivable	9,400	-	-	-	9,400
Restricted For:					
Drug Enforcement Activities	-	-	-	5,392	5,392
Construction	-	137,029	261,104	-	398,133
Other Purposes	-	-	-	10,930	10,930
Unassigned	2,012,467	-	-	-	2,012,467
Total Fund Balances	2,068,089	137,029	261,104	16,322	2,482,544
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,283,716	$ 137,029	$ 267,609	$ 16,322	$ 3,704,676

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2015

Fund Balances - Total Governmental Funds		$ 2,482,544
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 are therefore not reported in the governmental funds.		
Governmental Capital Assets	11,258,736	
Less Accumulated Depreciation	(2,797,548)	8,461,188
Deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.		35,963
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.		38,378
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet presented as a deferred inflow of resources on the Statement of Net Position.		(26,038)
Long-term liabilites are not due and payable in the current perod and therefore are not reported in the governmental funds.		
Compensated Absences	(32,768)	
Net Pension Liability	(198,891)	(231,659)
Net Position of Governmental Activities		$10,760,376

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Projects SPLOST 2008	Capital Projects SPLOST 2014	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 2,326,971	$ -	$ -	$ 184,315	$ 2,511,286
Licenses and Permits	97,341	-	-	-	97,341
Intergovernmental	44,291	-	691,861	-	736,152
Fines and Forfeitures	156,472	-	-	7,787	164,259
Charges for Services	351,529	-	-	-	351,529
Contributions	480	-	-	-	480
Miscellaneous Income	24,853	-	-	-	24,853
Interest Income	4,400	1,819	414	3	6,636
Total Revenues	3,006,337	1,819	692,275	192,105	3,892,536
Expenditures					
Current Operating:					
Mayor and Council	120,839		-	-	120,839
Administration	503,677		-	-	503,677
Police	1,218,242		375	8,138	1,226,755
Court Service	113,900		-	-	113,900
Contracted Public Safety Services	97,269		-	-	97,269
Streets and Roads	557,607		108,612	-	666,219
Culture and Recreation	204,022		12,892	-	216,914
Community Development	425,180		-		425,180
Capital Outlay:					
Administration	-	1,071,957	-	-	1,071,957
Police	-	-	49,298	-	49,298
Streets and Roads	-	1,037	398,282	-	399,319
Culture and Recreation	-	-	216,188	-	216,188
Total Expenditures	3,240,736	1,072,994	785,647	8,138	5,107,515
Excess (Deficiency) of Revenues Over Expenditures	(234,399)	(1,071,175)	(93,372)	183,967	(1,214,979)
Other Financing Sources (Uses)					
Proceeds from Sale of Surplus Supplies	325	-	-	-	325
Proceeds from Sale of Capital Assets	4,328	-	-	-	4,328
Insurance Proceeds	15,504	-	-	-	15,504
Transfers - Out	-	-	-	(185,295)	(185,295)
Transfers - In	185,295	-	-	-	185,295
Total Other Financing Sources (Uses)	205,452	-	-	(185,295)	20,157
Net Change in Fund Balances	(28,947)	(1,071,175)	(93,372)	(1,328)	(1,194,822)
Fund Balance - Beginning of Year	2,097,036	1,208,204	354,476	17,650	3,677,366
Fund Balance - End of Year	$ 2,068,089	$ 137,029	$ 261,104	$ 16,322	$ 2,482,544

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement on Activities for the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds		$(1,194,822)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for Capital Assets	2,109,402	
Less Current Year Depreciation	(303,952)	1,805,450
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable Deferred Property Tax Revenue		19,178
Governmental funds report monthly pension plan premiums as current period expenditures while governmental activities record a portion of those payments as deferred outflow of resources.		(1,547)
Changes in the value of the pension plan are not reflected in the governmental funds, however they are accounted for in the governmental activities.		27,082
Changes in the deferred inflows of resources associated with the pension plan are not reflected in the Governmental Funds, but are presented in the governmental activities.		(26,038)
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 the governmental funds.		
Net Change in Long-term Compensated Absences		(3,519)
Change in Net Position of Governmental Activities		$ 625,784

The accompanying notes are an integral part of this financial statement.

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CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 2,161,400	$ 2,319,400	$ 2,326,971	$ 7,571
Licenses and Permits	66,000	94,000	97,341	3,341
Intergovernmental	44,291	44,291	44,291	-
Fines and Forfeitures	165,500	156,400	156,472	72
Charges for Services	378,200	348,200	351,529	3,329
Contributions	-	400	480	80
Miscellaneous Income	25,000	48,100	24,853	(23,247)
Interest Income	3,900	4,200	4,400	200
Total Revenues	2,844,291	3,014,991	3,006,337	(8,654)
Expenditures				
Current:				
Mayor and Council	125,113	125,113	120,839	4,274
Administration	434,524	503,824	503,677	147
Police	1,158,431	1,223,231	1,218,242	4,989
Court Services	130,370	116,770	113,900	2,870
Contracted Public Safety Services	85,334	97,834	97,269	565
Streets and Roads	450,761	563,261	557,607	5,654
Culture and Recreation	221,063	205,963	204,022	1,941
Community Development	193,829	425,429	425,180	249
Total Expenditures	2,799,425	3,261,425	3,240,736	20,689
Excess (Deficiency) of Revenues Over Expenditures	44,866	(246,434)	(234,399)	12,035
Other Financing Sources (Uses)				
Proceeds from Sale of Surplus Supplies	-	-	325	325
Proceeds from Sale of Capital Assets	-	-	4,328	4,328
Insurance Proceeds	-	-	15,504	15,504
Fund Balance Reserves	-	62,134	-	(62,134)
Transfers - In	125,000	184,300	185,295	995
Total Other Financing Sources (Uses)	125,000	246,434	205,452	(40,982)
Net Change in Fund Balance	169,866	-	(28,947)	(28,947)
Fund Balance - Beginning of Year	2,097,036	2,097,036	2,097,036	-
Fund Balance - End of Year	$ 2,266,902	$ 2,097,036	$ 2,068,089	$ (28,947)

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2015

	Gas	Water & Sewer	Total
Assets			
Current Assets:			
Cash	$ 2,101,845	$ 1,655,711	$ 3,757,556
Accounts Receivable - Net	379,912	332,670	712,582
Prepaid Items	6,588	21,960	28,548
Inventory	76,566	48,340	124,906
Due From Other Funds	442,305	669,356	1,111,661
Total Current Assets	3,007,216	2,728,037	5,735,253
Noncurrent Assets:			
Capital Assets:			
Equipment	935,544	1,510,208	2,445,752
Buildings and Structures	85,455	170,454	255,909
Distribution and Collection Systems	2,491,534	19,995,311	22,486,845
Less Accumulated Depreciation	(1,653,790)	(8,099,808)	(9,753,598)
Land and Easements	3,500	16,852	20,352
Construction in Progress	360,192	420,381	780,573
Total Non-Current Assets	2,222,435	14,013,398	16,235,833
Total Assets	5,229,651	16,741,435	21,971,086
Deferred Outflows of Resources			
Pension Contributions	5,682	14,410	20,092
Total Deferred Outflows of Resources	5,682	14,410	20,092
Total Assets and Deferred Outflows of Resources	$ 5,235,333	$ 16,755,845	$ 21,991,178
Liabilities			
Current Liabilities:			
Accounts Payable	$ 232,323	$ 46,449	$ 278,772
Salaries and Wages Payable	11,920	13,890	25,810
Customer Deposits	223,118	261,643	484,761
Interest Payable	-	11,368	11,368
Notes Payable	-	322,932	322,932
Total Current Liabilities	467,361	656,282	1,123,643
Noncurrent Liabilities:			
Compensated Absences	8,714	28,789	37,503
Net Pension Liability	29,444	74,679	104,123
Notes Payable	-	1,486,696	1,486,696
Total Noncurrent Liabilities	38,158	1,590,164	1,628,322
Total Liabilities	505,519	2,246,446	2,751,965
Deferred Inflows of Resources			
Pension Contributions	3,854	9,777	13,631
Total Deferred Inflows of Resources	3,854	9,777	13,631
Net Position			
Net Investment in Capital Assets	2,279,462	12,203,770	14,483,232
Unrestricted	2,446,498	2,295,852	4,742,350
Total Net Position	$ 4,725,960	$ 14,499,622	$ 19,225,582

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Gas	Water & Sewer	Total
Operating Revenues			
Charges for Services	$ 2,911,616	$ 2,511,038	$ 5,422,654
Fees	9,575	108,461	118,036
Other Revenues	846	1,504	2,350
Total Operating Revenues	2,922,037	2,621,003	5,543,040
Operating Expenses			
Salaries, Wages and Employee Benefits	286,410	636,103	922,513
Cost of Gas for Resale	1,861,233	-	1,861,233
Services and Supplies	214,328	803,335	1,017,663
Insurance Expense	10,432	35,857	46,289
Administrative Expense	105,000	205,000	310,000
Depreciation Expense	62,585	485,600	548,185
Total Operating Expenses	2,539,988	2,165,895	4,705,883
Operating Income (Loss)	382,049	455,108	837,157
Nonoperating Revenues (Expenses)			
Interest Revenue	3,445	1,280	4,725
Interest Expense	-	(92,454)	(92,454)
Gain on Disposal of Capital Assets	2,100	1,975	4,075
Gas Rebates	113,030	-	113,030
Total Nonoperating Revenues (Expenses)	118,575	(89,199)	29,376
Income Before Contributions	500,624	365,909	866,533
Capital Contributions - Other	39,215	29,714	68,929
Change in Net Position	539,839	395,623	935,462
Net Position - Beginning	4,213,664	14,173,856	18,387,520
Prior Period Restatement	(27,543)	(69,857)	(97,400)
Net Position - Ending	$ 4,725,960	$ 14,499,622	$ 19,225,582

The accompanying notes are an integral part of this financial statement.

CITY OF ADAIRSVILLE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Gas	Water & Sewer	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 2,967,185	$ 2,635,377	$ 5,602,562
Payments to Suppliers	(2,147,565)	(1,082,431)	(3,229,996)
Payments to/for Employees	(272,923)	(618,130)	(891,053)
Net Cash Provided by (Used in) Operating Activities	546,697	934,816	1,481,513
Cash Flows from Noncapital Financing Activities			
Payments to Other Funds	235,255	358,677	593,932
Net Cash from Noncapital Financing Activities	235,255	358,677	593,932
Cash Flows from Capital and Related Financing Activities			
Principal Payments - Bonds			-
Principal Payments - Notes	-	(326,222)	(326,222)
Proceeds From Sale of Capital Assets	2,100	1,975	4,075
Capital Contributions	39,215	29,714	68,929
Acquisition and Construction of Capital Assets	(409,869)	(392,008)	(801,877)
Interest Paid	-	(94,419)	(94,419)
Net Cash from Capital and Related Financing Activities	(368,554)	(780,960)	(1,149,514)
Cash Flows from Investing Activities			
Interest Received	3,445	1,280	4,725
Net Increase (Decrease) in Cash	416,843	513,813	930,656
Cash - January 1 (Including $0 in Restricted Cash)	1,685,002	1,141,898	2,826,900
Cash - December 31 (Including $0 in Restricted Cash)	$ 2,101,845	$ 1,655,711	$ 3,757,556
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income	$ 382,049	$ 455,108	$ 837,157
Adjustments of Reconcile to Net Cash Provided by Operating Activities			
Depreciation	62,585	485,600	548,185
Gas Rebates	113,030	-	113,030
(Increase) Decrease in Accounts Receivable	38,405	3,567	41,972
(Increase) Decrease in Prepaid Items	61	(422)	(361)
(Increase) Decrease in Inventory	(19,050)	1,655	(17,395)
(Increase) Decrease in Deferred Outflows of Resources	229	581	810
Increase (Decrease) in Accounts Payable & Accrued Payables	(38,694)	(25,583)	(64,277)
Increase (Decrease) in Compensated Absences	1,493	3,896	5,389
Increase (Decrease) in Customer Deposits	6,744	10,805	17,549
Increase (Decrease) in Net Pension Liability	(4,009)	(10,168)	(14,177)
Increase (Decrease) in Deferred Inflows of Resources	3,854	9,777	13,631
Net Cash Provided by (Used in) Operating Activities	$ 546,697	$ 934,816	$ 1,481,513

The accompanying notes are an integral part of this financial statement.

Note 1. Summary of Significant Accounting Policies

The City of Adairsville was incorporated in February 1854. The City operates under an elected Mayor and Council. The City provides the following services: Public Works (Streets), Public Utilities (Gas and Water), Public Safety (Police), Contracted Public Services (County Agreements), Culture and Recreation (Includes Library), Community Development (Planning and Zoning), and General and Administrative Services.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. The discretely presented component unit described below is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government:

Adairsville Development Authority - The Development Authority was created in 1986 for the purpose of improving the local economic base by promoting industrial and commercial development in the City of Adairsville. The Development Authority's board consists of 5 members appointed by the Mayor and City Council members. The Authority has a December 31 year-end and is presented as a governmental fund type. The Authority does not issue separate financial statements.

Related Organization

The Etowah Area Consolidated Housing Authority is a related organization that has not been included in the reporting entity. The Etowah Area Consolidated Housing Authority was formed when the Adairsville Housing Authority and the Cartersville Housing Authority were consolidated on April 1, 1998. The Authority provides low-income housing to eligible families in the Cities of Adairsville and Cartersville. The Authority's Board consists of five members, two appointed by the Adairsville City Council and three that are appointed by the Cartersville City Council. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds (if any) are not included in the government-wide statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide Statement of Net Position, governmental and business-type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental 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 government's accounting policies are described below.

The financial transactions of the City are recorded in individual funds which provide a separate set of self-balancing accounts that is comprised of assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

The General Fund and the 2008 and 2014 SPLOST Capital Project Funds are the major governmental funds that the City reports. The City has elected to present two special revenue funds – Confiscated Assets and Hotel/Motel Tax as nonmajor funds.

The General Fund is the primary fund of the City and accounts for all financial resources of the general government except those required to be reported in the other funds.

The 2008 and 2014 SPLOST Capital Projects Funds account for the acquisition and construction of major capital assets other than those accounted for by proprietary funds.

The Confiscated Assets Fund accounts for cash received from confiscation or sale of assets acquired through confiscation.

The Hotel/Motel Tax Fund accounts tax proceeds from the hotel/motel tax.

The City reports the following major proprietary funds:

The Water and Sewer Fund accounts for those operations of the City which involve water distribution, sewage pumping stations and collection systems, and the sewage treatment plant. A fee is charged to external users for goods or services and the activity is intended to be self-supporting.

The Gas Fund accounts for those operations of the City which involve natural gas distribution, including gas line and meter maintenance and additions. A fee is charged to external users for goods or services and this activity is also intended to be self-supporting.

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 gas and water/sewer enterprise funds are charges to customers for sales and services. Both funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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 nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the General, Confiscated Assets and Hotel/Motel Tax special revenue funds. Annual appropriations lapse at fiscal year end.

The 2008 and 2014 SPLOST Capital Projects Funds have a project length budget that was adopted when voters approved the SPLOST referendum. This budget is prepared based on the projected total of SPLOST revenues and capital outlays.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position or Fund Balances

1. **Cash and Investments.** Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of the year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

3. **Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or interfund loans. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the general fund and the gas and water/sewer funds.

   Elimination of these charges would distort the direct costs and revenues reported for the two funds. In the government-wide financial statements these balances are reported as internal balances.

4. **Restricted Cash.** Demand and time deposits set-aside for certain payments are classified as restricted on the Balance Sheet and the Statement of Net Position because their use is limited by funding sources, debt covenants, or legal regulations. The construction accounts are used to report proceeds restricted for use in construction. The confiscated asset cash is restricted for use by the City's police department.

5. **Inventories and Prepaid Items.** The Water and Sewer Fund and Gas Fund inventories, if applicable, are valued at lower of cost or market using the first-in, first-out method. Prepaid items represent the amount paid in advance for insurance.

6. **Capital Assets.** Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All capital assets are carried at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

   Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

   General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.

7. **Compensated Absences.** Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements. For the governmental activities, compensated absences are generally liquidated by the General Fund. The City's current policy allows employees to carryover a maximum of 240 hours of unused vacation.

8. **Long-term Debt, Bond Discounts/Premiums, and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. In the Entity-wide statements, bond premiums and discounts, as well as the gain or loss on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued. Bonds payable are reported net of the applicable bond premium or discount and the gain or loss on the bond refunding.

   In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the fiscal period the bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. **Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. **Deferred Outflows/Inflows Of Resources.** In addition to assets, the Statement of Net Position and/or the Balance Sheet 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item that qualifies as a deferred outflow of resources for fiscal 2015 and arises under the full accrual basis of accounting in the Statement of Net Position for the governmental activities and the business-type activities. The sources of the deferred outflows are pension contributions made during the fiscal year that are to be used for future period benefits.

    In addition to liabilities, the statement of Net Position and/or the 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 net position 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 item under the modified accrual basis of accounting that qualifies as a deferred inflow of resources for fiscal 2015. It is property tax revenue that is considered unavailable at year end. There are three components of the deferred inflows of resources in the Statement of Net Position at the entity wide level and the Statement of Net Position at the proprietary fund level. Those components are all pension plan related and are as follows: differences between expected and actual experience of the plan, changes in plan assumptions, and the net differences between projected and actual earnings on pension plan investments.

11. **Fund Equity/Net Position.** The governmental fund financial statements report restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The unassigned portion represents an amount available for future operations.

Unrestricted net position for proprietary funds represents the net position available for future operation. Restricted net position represents assets that have been legally identified for specific purposes.

The City sometimes funds outlays from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 2. Legal Compliance - Budgets

Georgia Law requires an annual balanced budget for the general and special revenue funds and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Finance Director so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by council.

The 2015 General Fund budget was voted upon and adopted by the City Council.

Note 3. Deposits and Investments

Primary Government:

Cash as of December 31, 2015 is as follows:

Statement of Net Position:	
Cash	$ 6,479,568
Restricted Cash	296,945
Total	$ 6,776,513

The City has no investments other than cash.

The City does not have a formal policy that addresses custodial credit risk.

Component Unit:

Adairsville Development Authority:

Cash as of December 31, 2015 is as follows:

Statement of Net Position:	
Cash	$ 42,876

The Authority does not have a formal policy that addresses custodial credit risk.

Note 4. Receivables

Receivables as of December 31, 2015 consist of the following:

	General	Hotel/ Motel	Gas	Water and Sewer	Total
Receivables:					
Accounts	$ 33,421	$ --	$ 427,595	$ 393,031	$ 854,047
Property Tax	44,846	--	--	--	44,846
Hotel/Motel Tax	--	10,930	--	--	10,930
Franchise Tax	344,644	--	--	--	344,644
Allowances for Uncollectibles	(3,596)	--	(47,683)	(60,361)	(111,640)
Net	$ 419,315	$10,930	$ 379,912	$ 332,670	$ 1,142,827

Due from other governments includes $81,100 of Local Option Sales Taxes due from the State of Georgia, and $113,085 due from Bartow County.

Note 5. Property Tax

Bartow County bills and collects the City's real and personal property taxes. The Bartow County Tax Assessors Office assesses property values as of January 1 each year. The City's millage rate of 3.63 mils was approved by the City Council August 13, 2015. The levy date was September 15, 2015 and taxes were due by November 15, 2015. After November 15, interest and penalties begin to accrue on unpaid balances and property is subject to lien.

All property tax revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period, and collected no later than 60 days after the close of the fiscal year.

Note 6. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds:

Interfund receivable and payable balances at December 31, 2015 were $ 1,111,661.

Due To	Due From	Amount
Water Fund	General Fund	$ 669,356
Gas Fund	General Fund	442,305
		$ 1,111,661

Interfund balances consist of routine transfers for payroll and related benefits that are reimbursed on a monthly basis.

Transfers:

Routine transfers and payments between funds are to subsidize operations and fund capital asset acquisitions. Interfund transfers for the year ending December 31, 2015 were as follows:

Between Governmental Funds:

Source Fund	Transfer to Fund	Amount
Hotel/Motel Tax Fund	General Fund	$ 185,295

Note 7. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

Governmental Activities

	January 1 2015	Additions	Deletions and Transfers	December 31 2015
Capital Assets Not Being Depreciated				
Land	$ 708,301	$ 440,540	$ -	$ 1,148,841
Construction In Progress-Streetscape	46,082	-	-	46,082
Construction In Progress-Trail Grant	21,990	1,384	-	23,374
Construction In Progress-City Hall	715,786	1,071,958	-	1,787,744
Construction In Progress-Logtown	7,114	306,740	-	313,854
Total Capital Assets Not Being Depreciated	1,499,273	1,820,622	-	3,319,895
Capital Assets Being Depreciated				
Buildings	2,221,780	108,651	-	2,330,431
Infrastructure	4,095,661	52,577	-	4,148,238
Equipment	1,461,704	127,552	(129,082)	1,460,174
Total Capital Assets Being Depreciated	7,779,145	288,780	(129,082)	7,938,843
Less Accumulated Depreciation For				
Buildings	(983,412)	(73,351)	-	(1,056,763)
Infrastructure	(620,802)	(123,239)	-	(744,041)
Equipment	(1,018,466)	(107,362)	129,082	(996,746)
Total Accumulated Depreciation	(2,622,680)	(303,952)	129,082	(2,797,550)
Total Capital Assets Being Depreciated, Net	5,156,465	(15,172)	-	5,141,293
Capital Assets, Net	$ 6,655,738	$ 1,805,450	$ -	$ 8,461,188

During the fiscal year, the expended $1,071,958 on the City Hall renovation. Land additions included $440,540 in Community Development.

Total governmental activities depreciation expense charged to functions/programs of the government are as follows:

Administration	$ 80,932
Court Services	262
Police	79,864
Public Services	17,591
Streets and Roads	125,303
Total Depreciation Expense	$ 303,952

Business-type Activities

Capital Assets Not Being Depreciated	January 1 2015	Additions and Transfers	Deletions and Transfers	December 2015
Land	$ 20,352	$ -	$ -	$ 20,352
Construction in Progress - System	378,175	402,398	-	780,573
Total Capital Assets Not Being Depreciated	398,527	402,398	-	800,925
Capital Assets Being Depreciated				
Buildings	247,972	7,937	-	255,909
Infrastructure	22,433,300	53,545	-	22,486,845
Equipment	2,168,935	337,998	(61,182)	2,445,751
Total Capital Assets Being Depreciated	24,850,207	399,480	(61,182)	25,188,505
Less Accumulated Depreciation For				
Buildings	(88,176)	(8,515)	-	(96,691)
Infrastructure	(7,827,058)	(459,652)	-	(8,286,710)
Equipment	(1,351,360)	(80,018)	61,182	(1,370,196)
Total Accumulated Depreciation	(9,266,594)	(548,185)	61,182	(9,753,597)
Total Capital Assets Being Depreciated, Net	15,583,613	(148,705)	-	15,434,908
Business-type Activities Capital Assets, Net	$ 15,982,140	$ 253,693	$ -	$ 16,235,833

Business-type activities construction in progress additions for the fiscal year were for various water/sewer system and gas system improvements totaling $402,398. Equipment additions include $319,620 in the Gas Fund.

The primary government uses the following estimated useful lives to compute depreciation (straight-line method):

Equipment	3-10 years
Buildings	20-50 years
Utility System	20-75 years
Infrastructure	50 years

The following is a summary of component unit capital asset activity during the fiscal year:

Adairsville Development Authority

Capital Assets Not Being Depreciated	January 1 2015	Additions and Transfers	Deletions and Transfers	December 31 2015
Land	$ 112,565	$ -	$ -	$ 112,565
Total Capital Assets Not Being Depreciated	112,565	-	-	112,565
Capital Assets Being Depreciated				
Buildings	353,330	1,555	-	354,885
Total Capital Assets Being Depreciated	353,330	1,555	-	354,885
Less Accumulated Depreciation For				
Buildings	(56,226)	(11,217)	-	(67,443)
Total Accumulated Depreciation	(56,226)	(11,217)	-	(67,443)
Total Capital Assets Being Depreciated, Net	297,104	(9,662)	-	287,442
Governmental Activities Capital Assets, Net	$ 409,669	$ (9,662)	$ -	$ 400,007

Note 8. Lease Obligations

The City has no significant lease obligations.

Note 9. Outstanding Debt

Debt outstanding as of December 31, 2015 is composed of the following:

Primary Government

Notes Payable

	Date of Issue	Interest Rate	Date Final Payment Due	Amount Issued	Amount Outstanding
Business-type Activities:					
Water and Sewer Fund					
GEFA Note – System Additions	08-01-96	5.12%	05-01-2016	514,323	$ 20,232
GEFA Note – System Additions	06-01-98	5.86%	06-01-2018	2,745,554	540,493
GEFA Note – System Additions	08-25-03	3.98%	10-01-2024	1,172,080	642,291
GEFA Note – System Additions	07-26-05	4.20%	02-01-2029	811,853	606,612
Total Water and Sewer Fund					1,809,628
Total Business-type Activities					$ 1,809,628

The following schedule presents debt service requirements to maturity for notes payable:

Year Ending December 31	Business-type Activities Principal	Interest
2016	$ 322,932	$ 77,066
2017	319,111	60,267
2018	218,311	43,892
2019	108,237	37,097
2020	112,695	32,640
2021-2025	550,682	90,642
2026-2029	177,660	12,374
	$1,809,628	$ 353,978

Changes in long-term liabilities

The following is a summary of the City's debt transactions for the year ended December 31, 2015:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities					
Compensated Absences	$ 29,248	$ 35,378	$ 31,858	$ 32,768	$ -
OPEB Liability	13,800	10,971	13,800	10,971	10,971
Net Pension Liability	225,974	56,084	83,167	198,891	--
Total Governmental Activities	$ 269,022	$ 102,433	$ 128,825	$ 242,630	$ 10,971
Business-type Activities					
Notes Payable	$ 2,135,850	$ -	$ 326,222	$ 1,809,628	$ 322,932
Compensated Absences	32,115	29,318	23,930	37,503	-
Net Pension Liability	118,302	29,361	43,540	104,123	-
Total Business-type Activities	$ 2,286,267	$ 58,679	$ 393,692	$ 1,951,254	$ 322,932

Compensated absences for governmental activities are liquidated in the General Fund.

Component Unit

Notes Payable

The Development Authority borrowed money from the City in order to purchase, develop, and market property in the Georgia North Industrial Park. As of December 31, 2015 the Development Authority owed $9,400. There are no specific terms for repayment of the loan and no interest rate.

	Balances 01/01/15	Additions	Reductions	Balances 12/31/15	Amounts Due Within One Year
Development Authority Due to General Fund-Land	$ 9,400	$ --	$ --	$ 9,400	$ --

Note 10. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Adairsville Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established its plan effective June 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service or 60 years of age with

25 years of service. Early retirement is possible at age 55 with 10 years of service. Elected officials may retire at age 65. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of the Statement No. 27. The annual minimum contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded accrued liability over 30 years from 1985 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). These amortization periods, if applicable, are closed for this plan year.

As of July 1, 2014, employee membership data related to the City's pension plan was as follows:

Number of retirees and beneficiaries currently receiving benefits	28
Number of terminated employees entitled to benefits, but not yet receiving them	16
Number of Active Plan Participants	
Vested	9
Nonvested	27
Total	80

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10).

According to the annual plan valuation dated July 1, 2014, the recommended contribution to the plan for the fiscal 2015 was $77,817 ($0 employee and $77,817 employer; 0% employee and 6.59% employer of covered payroll respectively), and the recommended contribution to the plan for the previous year was $81,101 ($0 employee and $81,101 employer, 0% employee and 8.55% employer of covered payroll). Covered payroll for the fiscal years ending December 31, 2014 and 2015 was calculated at $931,931 and $1,160,323 respectively.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of March 31, 2015, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of March 31, 2015.

Actuarial Assumptions: The City's total pension liability for the fiscal period was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	3.25%, plus service based merit increases
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Cost of Living Adjustment	3.25%

The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period July 1, 2005 to June 30, 2009.

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Closed level dollar for remaining unfunded liability
Asset Valuation Method	Sum of the actuarial value at the beginning of the year and the cash flow during year plus the assumed investment return, adjusted by 10% of the amount 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.

Discount Rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee 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 active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Long-term Nominal Real Rate of Return
Domestic Equity	50.00%	5.95%	9.20%
International Equity	15.00%	6.45%	9.70%
Fixed Income	25.00%	1.55%	4.80%
Real Estate	10.00%	3.75%	7.00%
Cash	0.00%		
Total	100.00%		

Changes in Net Pension Liability

	(a) (TPL) Total Pension Liability	(b) (FNP) Fiduciary Net Position	(a)-(b) (NPL) Net Pension Liability
Balances at March 31, 2014	$ 3,110,105	$ 2,765,730	$ 344,375
Changes for the Year			
Service Cost	62,430	-	62,430
Interest	232,976	-	232,976
Differences Between Expected and Actual Experience	28,327	-	28,327
Changes of Assumptions	-	-	-
Contributions - Employer	-	87,038	(87,038)
Contributions - Employees	-	-	-
Net Investment Income	-	262,736	(262,736)
Benefit Payments, Including Refunds of Employee Contributions	(207,938)	(207,938)	-
Administrative Expense	-	(9,012)	9,012
Other	(24,232)	-	(24,232)
Net Changes	91,563	132,824	(41,261)
Balances at March 31, 2015	$ 3,201,668	$ 2,898,554	$ 303,114

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

	Sensitivity of the NPL to Changes in Discount Rate		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Total Net Pension Liability	$ 687,178	$ 303,114	$ (17,002)

For the year ended December 31, 2015, the City recognized pension expense of $85,445. At December 31, 2015, the City reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions for Future Periods	$ 58,470	$ -
Changes of Assumptions	-	(18,174)
Net Difference Between Projected and Actual Earnings on pension plan investments.	-	(21,494)
Total as of December 31, 2015	$ 58,470	$ (39,668)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	$ (9,661)
2017	(9,661)
2018	(9,661)
2019	(10,685)

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions immediately follow the notes to the financial statements.

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

Note 11. Restricted Assets and Restricted Net Position

Restricted Assets

The City is required to establish and maintain restricted cash accounts to comply with external legal requirements. The cash accounts of the confiscated asset special revenue fund, the hotel/motel tax special revenue fund, and the 2008 and 2014 SPLOST capital projects funds are such accounts. The balances of these accounts are presented as restricted cash in their respective financial statement.

Restricted Net Position

Restrictions are used to indicate that a portion of the net position is not available for expenditures or expenses and is legally segregated for a specific future use. The City uses the following:

Governmental Activities:

Restricted for drug enforcement activities – Created to segregate money received from federal or state sources that restrict use for law enforcement purposes only.

Restricted for construction – Created to segregate money received from SPLOST and certain grant proceeds.

Restricted for other purposes – Created to segregate money received from hotel/motel tax.

Note 12. Contingencies

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

Note 13. Other Information

Vacation and Sick Leave

City employee's vacation days accrue at a rate of 6.67 hours per month for one through nine years of service; 10 hours per month for ten through nineteen years of service; and 13.38 hours per month for twenty years of service and above. Up to a maximum of 240 hours of vacation may be accrued. Sick leave accrues at a rate of 5 hours per month.

Note 14. Risk Management

At year-end, there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This City is self insured related to unemployment compensation. There have been no significant reductions in insurance coverage from the prior year.

Workers compensation claims are paid by an independent carrier under a fully-insured program. Settlements have not exceeded coverages for each of the past three fiscal years.

Note 15. Joint Venture

The City of Adairsville is a member of the Northwest Regional Commission (NWRGC). The NWRGC was created under the laws of the State of Georgia and cities and counties in the area served by the NWRGC are required to be members. The membership of the NWRGC includes 15 counties and 49 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NWRGC nor does the City materially contribute to the continued existence of the NWRGC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NWRGC ceases operation, the membership can be assessed for any debt or obligation of the NWRGC. Separate financial statements may be obtained from the Northwest Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

Note 16. Hotel/Motel Tax Revenues and Tourism Expenditures

The City of Adairsville levies a 5 percent hotel/motel tax in accordance with the provisions of the Official Code of Georgia section §48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended December 31, 2015, the total amount the City collected was $184,315 and the amount collected above the 3 percent rate was $73,726. In accordance with a contractual agreement, 100% of this amount was paid from the general fund to the Cartersville-Bartow County Convention and Visitors Bureau for tourism promotion.

Note 17. Special Purpose Local Option Sales Tax

In November 2006, Bartow County voters approved a referendum on the question of "yes/no shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty four calendar quarters, or until there is collected net proceeds of $200,000,000, for various capital outlay purposes". Actual collection of the tax began January 1, 2008 and ended December 31, 2013. The City of Adairsville's distributive share of this amount was projected to be $6,012,000. The City is to use the proceeds from the tax for various infrastructure and water/sewer improvements.

In November 2011, Bartow County voters approved a referendum on the question of "yes/no shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty four calendar quarters, or until there is collected net proceeds of $220,000,000, for various capital outlay purposes". Actual collection of the tax began January 1, 2014 and is projected to end December 31, 2019. The City of Adairsville's distributive share of this amount is projected to be $8,932,000. The City is to use the proceeds from the tax for various infrastructure and water/sewer improvements.

Note 18. Post Employment Health Care Benefits

In February 2011, the City modified its Post Employment Benefits plan which discontinued benefits except for retired employees already participating in the plan and current employees who achieved twenty years of continuous service and reached the age of fifty-five before December 31, 2011. Based on the new plan, the City is recognizing a short-term OPEB liability in the General Fund for the three active plan participants. Three additional employees could qualify for the benefit under the new plan if they elect to do so. The City does not consider the potential long-term liability for the current or potential participants as material to the financial statements and will continue to report the short-term liability in the general fund at the fund level, and the governmental activities at the entity-wide level financial statements until the plan has expired in 2020.

Note 19. Construction Commitments

The City had a no construction commitments under contract as of December 31, 2015.

Note 20. Restatement of Prior Year Net Position

For fiscal year 2015, the City made prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71 which require the restatement of the December 31, 2014 net position in Governmental Activities and the business-type activities. The result was a decrease in beginning net position in the governmental activities by $186,049, and a decrease in beginning net position of the business-type activities of $97,400. These changes are in accordance with generally accepted accounting principles.

		Business-type Activities		
Net Position	Governmental Activities	Water/Sewer Fund	Gas Fund	Total Business-type
Net Position, July 1, 2014 as Previously Reported	$ 10,320,641	$ 14,173,856	$ 4,213,664	$ 18,387,520
Recording Beginning Net Pension Liability	(225,974)	(84,848)	(33,454)	(118,302)
Recording Beginning Deferred Outflows of Resources	39,925	14,991	5,911	20,902
Net Position, July 1, 2014, as Restated	$ 10,134,592	$ 14,103,999	$ 4,186,121	$ 18,290,120

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ADAIRSVILLE, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Previous Ten Fiscal Periods

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	$ 62,430	*	*	*	*	*	*	*	*	*
Interest	232,976	*	*	*	*	*	*	*	*	*
Benefit Changes	-	*	*	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	28,327	*	*	*	*	*	*	*	*	*
Changes of Assumptions	-	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(207,938)	*	*	*	*	*	*	*	*	*
Other	(24,232)									
Net Change in Total Pension Liability	91,563	*	*	*	*	*	*	*	*	*
Total Pension Liability - Beginning	3,110,105	*	*	*	*	*	*	*	*	*
Total Pension Liability - Ending	$3,201,668	*	*	*	*	*	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 87,038	*	*	*	*	*	*	*	*	*
Contributions - Member	-	*	*	*	*	*	*	*	*	*
Net Investment Income	262,736	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(207,938)	*	*	*	*	*	*	*	*	*
Administrative Expense	(9,012)	*	*	*	*	*	*	*	*	*
Other	-	*	*	*	*	*	*	*	*	*
Net Change in Plan Net Position	132,824	*	*	*	*	*	*	*	*	*
Plan Net Position - Beginning	2,765,730	*	*	*	*	*	*	*	*	*
Plan Net Position - Ending	$2,898,554	*	*	*	*	*	*	*	*	*
Net Pension Liability - Ending	$ 303,114	*	*	*	*	*	*	*	*	*
Total Pension Liability	3,201,668	*	*	*	*	*	*	*	*	*
Plan Net Position	2,898,554	*	*	*	*	*	*	*	*	*
Net Pension Liability	303,114	*	*	*	*	*	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	90.53%	*	*	*	*	*	*	*	*	*
Covered Employee Payroll	1,506,371	*	*	*	*	*	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	20.12%	*	*	*	*	*	*	*	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

CITY OF ADAIRSVILLE, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	$ 77,817	81,101	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	77,817	81,101	*	*	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	$ -	*	*	*	*	*	*	*	*
Covered Employee Payroll	$1,160,323	931,931	*	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	6.71%	8.70%	*	*	*	*	*	*	*	*

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

Notes to Schedule:

Valuation Date:	The actuarially determined contribution rate was determined July 1, 2014 with an interest rate adjustment to the fiscal year.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
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 amount 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.
Inflation	3.25%
Salary Increases	3.25% plus age and service based merit increases
Investment Rate of Return	7.75% net pension plan investment expense, including inflation
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through June 30, 2009.
Other Information	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2015.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
2008 SPLOST Capital Project Fund - Budget and Actual
For the Year Ended December 31, 2015

	Project Length Budgeted Amounts			
	Original	Final	Current Year Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 6,012,000	$ 6,012,000	$ -	$ (6,012,000)
Interest Income	-	-	1,819	1,819
Total Revenues	6,012,000	6,012,000	1,819	(6,010,181)
Expenditures				
Capital Outlay:				
Administration	1,500,000	1,500,000	1,071,957	428,043
Streets and Roads	1,552,000	1,552,000	1,037	1,550,963
Water and Sewer	2,960,000	2,960,000	-	2,960,000
Total Expenditures	6,012,000	6,012,000	1,072,994	4,939,006
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,071,175)	(1,071,175)
Net Change in Fund Balance	-	-	(1,071,175)	(1,071,175)
Fund Balance - Beginning of Year	1,208,204	1,208,204	1,208,204	-
Fund Balance - End of Year	$ 1,208,204	$ 1,208,204	$ 137,029	$ (1,071,175)

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
2014 SPLOST Capital Projects Fund Budget and Actual
From Inception and For the Year Ended December 31, 2015

	Acutal			
	Prior Years	Current Year	Total to Date	Project Authorization
Revenues				
Intergovernmental	$ 747,282	$ 691,861	$ 1,439,143	$ 8,932,000
Investment Earnings	631	414	1,045	-
Total Revenues	747,913	692,275	1,440,188	8,932,000
Expenditures				
Current:				
Police	54,453	375	54,828	54,453
Streets and Roads	61,903	108,612	170,515	61,903
Culture and Recreation	-	12,892	12,892	12,892
Water and Sewer	12,985	-	12,985	12,985
Debt Service				
Principle	70,766	-	70,766	70,766
Interest	970	-	970	970
Capital Outlays:				
Police	57,298	49,298	106,596	1,073,811
Streets and Roads	135,062	398,282	533,344	6,657,112
Culture and Recreation	-	216,188	216,188	987,108
Total Expenditures	393,437	785,647	1,179,084	8,932,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	354,476	(93,372)	261,104	-
Net Change in Fund Balance	$ 354,476	(93,372)	$ 261,104	$ -
Fund Balance - Beginning of Year		354,476		
Fund Balance - End of Year		$ 261,104		

CITY OF ADAIRSVILLE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds		
	Confiscated Assets	Hotel/Motel Tax	Total Nonmajor Governmental Funds
Assets			
Receivables, Net			
Taxes	$ -	$ 10,930	$ 10,930
Cash - Restricted	5,392	-	5,392
Total Assets	5,392	10,930	16,322
Liabilities			
Accounts Payable	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Restricted For:			
Drug Enforcement Activities	5,392		5,392
Other Purposes	-	10,930	10,930
Total Fund Balances	5,392	10,930	16,322
Total Liabilities and Fund Balances	$ 5,392	$ 10,930	$ 16,322

CITY OF ADAIRSVILLE, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds		
	Confiscated Assets	Hotel/Motel Tax	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ -	$ 184,315	$ 184,315
Fines and Forfeitures	7,787	-	7,787
Interest Income	3	-	3
Total Revenues	7,790	184,315	192,105
Expenditures			
Current:			
Police	8,138	-	8,138
Total Expenditures	8,138	-	8,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	(348)	184,315	183,967
Other Financing Sources (Uses)			
Transfers - Out	-	(185,295)	(185,295)
Total Other Financing Sources (Uses)	-	(185,295)	(185,295)
Net Change in Fund Balances	(348)	(980)	(1,328)
Fund Balance - Beginning of Year	5,740	11,910	17,650
Fund Balance - End of Year	$ 5,392	$ 10,930	$ 16,322

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Confiscated Asset Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ 7,787	$ 7,787	$ 7,787	$ -
Interest Income	3	3	3	-
Total Revenues	7,790	7,790	7,790	-
Expenditures				
Current:				
Police	8,139	8,139	8,138	1
Total Expenditures	8,139	8,139	8,138	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349)	(349)	(348)	1
Other Financing Sources (Uses)				
Appropriated Prior Year Fund Balance	349	349	-	(349)
Total Other Financing Sources (Uses)	349	349	-	(349)
Net Change in Fund Balance			(348)	
Fund Balance - Beginning of Year			5,740	
Fund Balance - End of Year			$ 5,392	

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended December 31, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 125,000	$ 184,300	$ 184,315	$ 15
Total Revenues	125,000	184,300	184,315	15
Excess of Revenues Over Expenditures	125,000	184,300	184,315	15
Other Financing Sources (Uses)				
Transfers - Out	(125,000)	(184,300)	(185,295)	(995)
Total Other Financing Sources (Uses)	(125,000)	(184,300)	(185,295)	(995)
Net Change in Fund Balance	-	-	(980)	(980)
Fund Balance - Beginning of Year	11,910	11,910	11,910	-
Fund Balance - End of Year	$ 11,910	$ 11,910	$ 10,930	$ (980)

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COMPLIANCE SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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 Council
City of Adairsville, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Adairsville, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of Adairsville, Georgia's basic financial statements and have issued our report thereon dated June 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Adairsville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Adairsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Adairsville, Georgia'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 over financial reporting 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 of Adairsville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Williamson and Company

Williamson and Company
Certified Public Accountants
June 12, 2016

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST II (2008-2013)					
General Government Projects					
New City Hall	$ 1,500,000	$ 1,500,000	$ 679,108	$ 1,071,957	$ 1,751,065
Total General Government Projects	1,500,000	1,500,000	679,108	1,071,957	1,751,065
Water and Sewer Projects					
Upgrade Capacity at Waster Water Plant #1	1,000,000	1,000,000	-	-	-
Two-Million Gallon Water Reservoir	650,000	650,000	268,561	-	268,561
Two-Million Gallon Relief Tank	650,000	650,000	-	-	-
Jarrett Loop Water Main Extension	300,000	300,000	-	-	-
Pleasant Valley Waterline Loop	60,000	60,000	-	-	-
Emergency Power Supply-Sewer Plant #1	150,000	150,000	79,863	-	79,863
Emergency Power Supply-Sewer Plant #2	150,000	150,000	79,949	-	79,949
Total Water and Sewer Projects	2,960,000	2,960,000	428,373	-	428,373
Street and Road Projects					
Rebuild Martin Luther King Blvd.	207,000	207,000	7,965	-	7,965
Road Striping and Incidentals	84,000	84,000	20,404	1,037	21,441
Curb & Gutter Summer Street and Sidewalk	517,000	517,000	472,297	-	472,297
Curb & Gutter Martin Luther King and Sidewalk	400,000	400,000	318,139	-	318,139
Curb & Gutter King Street and Sidewalk	344,000	344,000	525,245	-	525,245
Total Street and Road Projects	1,552,000	1,552,000	1,344,050	1,037	1,345,087
Total for SPLOST II Projects	$ 6,012,000	$ 6,012,000	$ 2,451,531	$ 1,072,994	$ 3,524,525

This schedule is presented on the modified accrual basis of accounting.

CITY OF ADAIRSVILLE, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST III (2014-2019)					
Public Safety Facilities Projects					
Public Safety Facilities Projects	$ 1,200,000	$ 1,200,000	$ 183,487	$ 49,673	$ 233,160
Recreational and Cultural Facilities Projects					
Recreational and Cultural Facilities Projects	1,000,000	1,000,000	-	229,080	229,080
Roads, Streets and Stormwater Projects					
Roads, Streets and Stormwater Projects	6,732,000	6,732,000	209,950	506,894	716,844
Total for SPLOST III Projects	$ 8,932,000	$ 8,932,000	$ 393,437	$ 785,647	$ 1,179,084

This schedule is presented on the modified accrual basis of accounting.