

City of Emerson, Georgia

Annual Financial Report

For the Fiscal Year Ended

June 30, 2016

By Authority of

The Mayor and City Council

This Page Intentionally Left Blank

CITY OF EMERSON, GEORGIA
Annual Financial Report
Year Ended June 30, 2016

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report 1

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Position 7

Statement Of Activities 8

Fund Financial Statements:

Balance Sheet - Governmental Funds 11

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 12

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 13

Statement of Revenues, Expenditures, and Changes in Fund Balances-General Fund-Budget and Actual 14

Statement of Net Position-Proprietary Funds 15

Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds 16

Statement of Cash Flows-Proprietary Funds 17

Notes to the Financial Statements 19

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios 36

Schedule of Contributions - Pension Plan 37

Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2003 SPLOST - Capital Projects Fund - Budget and Actual 40

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2008 SPLOST - Capital Projects Fund - Budget and Actual 41

Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2014 SPLOST - Capital Projects Fund - Budget and Actual 42

Schedule of Revenues, Expenditures, and Changes in Fund Balance Hotel/Motel Tax - Special Revenue Fund - Budget and Actual 43

Schedule of Revenues, Expenditures, and Changes in Fund Balance Confiscated Asset - Special Revenue Fund - Budget and Actual 44

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 47

Schedule of Special Local Option Sales Tax Expenditures - 2003 SPLOST 49

Schedule of Special Local Option Sales Tax Expenditures - 2008 SPLOST 50

Schedule of Special Local Option Sales Tax Expenditures - 2014 SPLOST 51

This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Of the City of Emerson, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Emerson, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 of 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, and each major fund of the City of Emerson, Georgia as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 financial 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 36 and the Schedule of Contributions – Pension Plan on page 37 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 Emerson's basic financial statements. The individual fund budgetary comparisons on pages 40-44 and the Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 49-51 as required by the Georgia code section OCGA §48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons 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 limited 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 individual fund budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole. The Schedules of Special Purpose Local Option Sales Tax Expenditures 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 limited 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 Schedules of Special Purpose 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 November 3, 2016, on our consideration of the City of Emerson, 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 Emerson, Georgia's internal control over financial reporting and compliance.

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
November 3, 2016

This Page Intentionally Left Blank

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

CITY OF EMERSON, GEORGIA
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 581,652	$ 926,138	$ 1,507,790
Receivables - Net	116,617	92,627	209,244
Inventory	-	1,963	1,963
Internal Balances	113,703	(113,703)	-
Restricted Assets:			
Restricted Cash	419,475	-	419,475
Capital Assets			
Other Capital Assets-Net	827,621	11,662,831	12,490,452
Land and Construction in Progress	423,973	704,895	1,128,868
Total Assets	2,483,041	13,274,751	15,757,792
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions	60,745	11,572	72,317
Total Deferred Outflows of Resources	60,745	11,572	72,317
Total Assets and Deferred Outflows of Resources	$ 2,543,786	$ 13,286,323	$ 15,830,109
LIABILITIES			
Accounts Payable	$ 43,920	$ 123,327	$ 167,247
Accrued Liabilities	7,252	-	7,252
Customer Deposits	-	60,525	60,525
Unreleased Confiscated Funds/Deposits	5,924	-	5,924
Interest Payable	1,290	793	2,083
Current Portion of Long Term Debt	52,223	14,504	66,727
Noncurrent Liabilities:			-
Due in More than One Year	145,724	522,861	668,585
Total Liabilities	256,333	722,010	978,343
DEFERRED INFLOWS OF RESOURCES			
Pension Contributions	34,027	6,482	40,509
Total Deferred Inflows of Resources	34,027	6,482	40,509
Total Liabilities and Deferrerd Inflows of Resource	$ 290,360	$ 728,492	$ 1,018,852
NET POSITION			
Net Investment in Capital Assets	$ 1,175,179	$ 11,851,347	$ 13,026,526
Restricted for:			
Capital Projects	453,534	-	453,534
Law Enforcement Activities	8,447	-	8,447
Unrestricted	616,266	706,484	1,322,750
Total Net Position	$ 2,253,426	$ 12,557,831	$ 14,811,257

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

CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Council, Commissions and Boards	$ 18,513	$ -	$ -	$ -
General Government	614,816	321,216	-	-
Municipal Court	121,424	-	-	-
Contracted Services	34,896	-	-	-
Public Safety	684,896	320,084	-	-
Public Works	160,416	3,707	24,003	275,564
Water and Sewer Improvements	5,438	-	-	-
Interest on Long-term Debt	2,477	-	-	-
Total Governmental Activities	1,642,876	645,007	24,003	275,564
Business-type Activities:				
Water/Sewer	1,101,947	825,712	-	-
Solid Waste	121,573	99,394	-	-
Total Business-type Activities	1,223,520	925,106	-	-
Total Primary Government	$ 2,866,396	$ 1,570,113	$ 24,003	$ 275,564

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

CITY OF EMERSON, GEORGIA
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Totals
Primary Government:			
Governmental Activities:			
Council, Commissions and Boards	$ (18,513)	$ -	$ (18,513)
General Government	(293,600)	-	(293,600)
Municipal Court	(121,424)	-	(121,424)
Contracted Services	(34,896)	-	(34,896)
Public Safety	(364,812)	-	(364,812)
Public Works	142,858	-	142,858
Water and Sewer Improvements	(5,438)	-	(5,438)
Interest on Long-term Debt	(2,477)	-	(2,477)
Total Governmental Activities	(698,302)	-	(679,790)
Business-type Activities:			
Water/Sewer		(276,235)	(276,235)
Solid Waste		(22,179)	(22,179)
Total Business-type Activities		(298,414)	(298,414)
Total Primary Government			(978,204)
General Revenues:			
Taxes:			
Sales	365,368	-	365,368
Property	112,847	-	112,847
Hotel/Motel	79,426	-	79,426
Vehicle	47,452	-	47,452
Insurance Premium	85,393	-	85,393
Malt & Mixed Beverage	28,412	-	28,412
Franchise	136,617	-	136,617
Excise	24,275	-	24,275
Intangible	5,819	-	5,819
Investment Earnings	207	-	207
Miscellaneous	3,777	4,128	7,905
Insurance Proceeds	37,443	-	37,443
Gain on Asset Disposal	-	3,950	3,950
Transfers	(189,062)	189,062	-
Total General Revenues and Transfers	737,974	197,140	935,114
Change in Net Position	39,672	(101,274)	(61,602)
Net Position - Beginning	2,213,754	12,659,105	14,872,859
Net Position - Ending	$ 2,253,426	$ 12,557,831	$14,811,257

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

This Page Intentionally Left Blank

CITY OF EMERSON, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2016

	General	Capital Projects 2003 SPLOST Fund	Capital Projects 2008 SPLOST Fund	Capital Projects 2014 SPLOST Fund	Hotel Motel Tax Special Revenue	Confiscated Assets Special Revenue	Total Governmental Funds
ASSETS							
Cash	$ 581,152	$ -	$ -	$ -	$ 500	$ -	$ 581,652
Receivables, Net							
Accounts	12,981	-	-	-	-	-	12,981
Taxes	34,655	-	-	47,966	21,015	-	103,636
Intergovernmental	-	-	-	-	-	-	-
Due from Other Funds	113,703	-	-	-	-	-	113,703
Cash - Restricted	-	150,207	108,229	150,298	-	10,741	419,475
Total Assets	$ 742,491	$ 150,207	$ 108,229	$198,264	$ 21,515	$ 10,741	$ 1,231,447
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 32,348	$ 24		$ 3,142	$ 8,406	$ -	$ 43,920
Accrued Payroll Liabilities	7,252	-	-	-	-	-	7,252
Unreleased Confiscated Funds/Deposits	3,630	-	-	-	-	2,294	5,924
Total Liabilities	43,230	24	-	3,142	8,406	2,294	57,096
Deferred Inflows of Resources	165	-	-	-	-	-	165
Total Liabilities and Deferred Inflows of Resources	43,395	24	-	3,142	8,406	2,294	57,261
Fund Balance:							
Restricted for:							
Law Enforcement Activities	-	-	-	-	-	8,447	8,447
Capital Projects	-	150,183	108,229	195,122	-	-	453,534
Committed	-	-	-	-	13,109	-	13,109
Unassigned	699,096	-	-	-	-	-	699,096
Total Fund Balances	699,096	150,183	108,229	195,122	13,109	8,447	1,174,186
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 742,491	$ 150,207	$ 108,229	$198,264	$ 21,515	$ 10,741	$ 1,231,447

Reconciliation of the Balance Sheet to the Statement of of Net Position

Fund Balances - Total Governmental Funds			$ 1,174,186
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	1,755,845		
Less Accumulated Depreciation	(504,251)		1,251,594
Unearned revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position			165
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.			60,745
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.			(34,027)
Long-term debt is not presented in the governmental funds and therefore interest payable is also not presented			
Interest payable is presented in the Government-wide statements			(1,290)
Long-term liabilites are not due and payable in the current perod and therefore are not reported in the governmental funds.			
Capital Lease	(76,415)		
Compensated Abscences	(21,506)		
Net Pension Liability	(100,027)		(197,948)
Net Position of Governmental Activities			$ 2,253,425

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Capital Projects 2003 SPLOST Fund	Capital Projects 2008 SPLOST Fund	Capital Projects 2014 SPLOST Fund	Hotel Motel Tax Special Revenue	Confiscated Assets Special Revenue	Total Governmental Funds
REVENUES							
Taxes	$ 806,607	$ -	$ -	$ -	$ 79,426	$ -	$ 886,033
Licenses and Permits	176,904	-	-	-	-	-	176,904
Intergovernmental	-	-	-	299,567	-	-	299,567
Charges for Services	141,674	-	-	-	-	-	141,674
Fines and Forfeitures	313,807	-	-	-	-	6,277	320,084
Miscellaneous Income	3,777	-	-	-	-	-	3,777
Interest Income	207	-	-	-	-	-	207
Total Revenues	1,442,976	-	-	299,567	79,426	6,277	1,828,246
EXPENDITURES							
Current Operating:							
Council Commission & Boards	8,637	-	-	-	-	-	8,637
General Government	527,622	-	-	34,975	31,779	-	594,376
Municipal Court	120,429	-	-	-	-	-	120,429
Contracted Services	34,896	-	-	-	-	-	34,896
Public Safety	671,549	-	1,209	-	-	3,695	676,453
Public Works	133,379	-	-	40,134	-	-	173,513
Water and Sewer Improvements	-	-	-	5,438	-	-	5,438
Capital Outlay:							
General Government	-	-	3,614	19,483	-	-	23,097
Public Works	-	-	-	22,877	-	-	22,877
Water Fund	-	2,182	-	186,879	-	-	189,061
Debt Service							
Principal	26,485	-	-	-	-	-	26,485
Interest	2,477	-	-	-	-	-	2,477
Total Expenditures	1,525,474	2,182	4,823	309,786	31,779	3,695	1,877,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,498)	(2,182)	(4,823)	(10,219)	47,647	2,582	(49,493)
OTHER FINANCING SOURCES (USES)							
Transfers In	34,538	-	-	-	-	-	34,538
Transfers Out	-	-	-	-	(34,538)	-	(34,538)
Proceeds from Capital Leases	28,884	-	-	-	-	-	28,884
Proceeds from Insurance Recoveries	37,443	-	-	-	-	-	37,443
Total Other Financing Sources (Uses)	100,865	-	-	-	(34,538)	-	31,789
Net Change in Fund Balances	18,367	(2,182)	(4,823)	(10,219)	13,109	2,582	16,834
Fund Balance - Beginning of Year	680,728	152,365	113,052	205,342	-	5,865	1,157,352
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance - End of Year	$ 699,095	$ 150,183	$ 108,229	$195,123	$ 13,109	$ 8,447	$ 1,174,186

(Continued)

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

CITY OF EMERSON, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2016

(Continued)

Net Change in Fund Balances - Total Governmental Funds		$ 16,834
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		
Expenditures for Capital Assets	292,827	
Less Current Year Depreciation	(63,533)	229,294
Transfers of capital assets between governmental and business-type activities are not reported in the governmental fund statements		(189,061)
Deferred revenues are recognized in the governmental funds for property tax collections but are not recognized in the statement of net position		(424)
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.		36,933
Changes in the value of the pension plan are not reflected in the governmental funds, however they are accounted for in the governmental activities.		23,720
Governmental funds report proceeds from capital leases as revenue while governmental activites report a liability		(28,884)
Governmental funds report payments on debt principal as expenditures while those expenditures are treated as a reduction of the liability in the statement of net position		
Principal Reduction	26,485	
Change in Interest Payable	(1,290)	25,195
Governmental funds do not report changes in long-term liabilities while governmental activities report a liability and the changes to such liability.		
Compensated Absences	(7,078)	
Net Pension Liability	(66,857)	(73,935)
Change in Net Position of Governmental Activities		$ 39,672

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 845,411	$ 813,738	$ 806,607	$ (7,131)
Licenses and Permits	190,600	144,290	176,904	32,614
Fines and Forfeitures	300,001	314,000	313,807	(193)
Charges for Services	60,200	123,748	141,674	17,926
Miscellaneous Income	77,500	24,495	3,777	(20,718)
Interest Income	200	207	207	-
Total Revenues	1,473,912	1,420,478	1,442,976	22,498
EXPENDITURES				
Current:				
Council Commission & Boards	14,450	16,468	8,637	7,831
General Government	540,730	542,399	527,622	14,777
Municipal Court	134,810	129,793	120,429	9,364
Contracted Services	59,000	42,608	34,896	7,712
Public Safety	589,652	686,474	671,549	14,925
Public Works	190,370	142,559	133,379	9,180
Debt Service				
Principal	7,400	26,500	26,485	15
Interest	-	2,477	2,477	-
Total Expenditures	1,536,412	1,589,278	1,525,474	55,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,500)	(168,800)	(82,498)	78,456
OTHER FINANCING SOURCES (USES)				
Transfers In	30,500	35,000	34,538	(462)
Proceeds from Sale of Surplus Assets and Supplies	2,000	38,300	-	(38,300)
Proceeds from Capital Lease	30,000	58,000	28,884	(29,116)
Proceeds from Insurance Recoveries	-	37,500	37,443	(57)
Total Other Financing Sources (Uses)	32,000	168,800	100,865	(38,357)
Net Change in Fund Balance	(30,500)	-	18,367	40,099
Fund Balance - Beginning of Year	680,728	680,728	680,728	-
Fund Balance - End of Year	$ 650,228	$ 680,728	$ 699,095	$ 40,099

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

CITY OF EMERSON, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Water & Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash	$ 897,935	$ 28,203	$ 926,138
Accounts Receivable, Net	82,819	9,808	92,627
Inventory	-	1,963	1,963
Total Current Assets	980,754	39,974	1,020,728
Noncurrent Assets:			
Equipment	419,378	138,555	557,933
Buildings and Structures	18,768	-	18,768
Distribution and Collection Systems	13,907,254	-	13,907,254
Less Accumulated Depreciation	(2,683,723)	(137,401)	(2,821,124)
Land and Easements	2,700	-	2,700
Construction in Progress	702,195	-	702,195
Total Non-Current Assets	12,366,572	1,154	12,367,726
Total Assets	13,347,326	41,128	13,388,454
Deferred Outflows of Resources			
Pension Contributions	8,679	2,893	11,572
Total Deferred Outflows of Resources	8,679	2,893	11,572
Total Assets and Deferred Outflows of Resources	$ 13,356,005	$ 44,021	$ 13,400,026
Liabilities			
Current Liabilities:			
Accounts Payable	$ 120,438	$ 2,889	$ 123,327
Due to Other Funds	-	113,703	113,703
Customer Deposits	60,525	-	60,525
Interest Payable	793	-	793
Note Payable	14,504	-	14,504
Total Current Liabilities	196,260	116,592	312,852
Noncurrent Liabilities:			
Compensated Abscences	1,533	398	1,931
Note Payable	501,875	-	501,875
Net Pension Liability	14,291	4,764	19,055
Total Noncurrent Liabilities	517,699	5,162	522,861
Total Liabilities	713,959	121,754	835,713
Deferred Inflows of Resources			
Pension Plan	4,861	1,621	6,482
Total Deferred Inflows of Resources	4,861	1,621	6,482
Total Liabilities and Deferred Inflows of Resources	718,820	123,375	842,195
Net Position			
Net Investment in Capital Assets	11,850,193	1,154	11,851,347
Unrestricted	786,992	(80,508)	706,484
Total Net Position	$ 12,637,185	$ (79,354)	$ 12,557,831

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

CITY OF EMERSON, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Water & Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	$ 793,284	$ 99,341	$ 892,625
Fees	21,628	53	21,681
Other Revenues	10,800	-	10,800
Total Operating Revenues	825,712	99,394	925,106
Operating Expenses			
Salaries, Wages, and Employee Benefits	155,467	39,054	194,521
Landfill Fees	-	22,609	22,609
Purchased Water	97,615	-	97,615
Materials and Supplies	67,225	5,977	73,202
System Maintenance	53,975	-	53,975
Purchased Services	148,116	1,405	149,521
Insurance Expense	27,501	7,100	34,601
Administrative Charge	50,000	5,000	55,000
General and Administrative	39,635	1,129	40,764
Other Repairs and Maintenance	61,063	13,439	74,502
Utilities	88,310	-	88,310
Depreciation Expense	311,943	12,410	324,353
Total Operating Expenses	1,100,850	108,123	1,208,973
Operating Income (Loss)	(275,138)	(8,729)	(283,867)
Nonoperating Revenues (Expenses)			
Gain on Disposal of Capital Assets	3,950	(13,450)	(9,500)
Sale of Surplus Suppliles	4,128	-	4,128
Interest Expense	(1,097)	-	(1,097)
Total Nonoperating Revenues (Expenses)	6,981	(13,450)	(6,469)
Income Before Contributions	(268,157)	(22,179)	(290,336)
Capital Contributions	189,062	-	189,062
Change in Net Position	(79,095)	(22,179)	(101,274)
Net Position - Beginning	12,716,280	(57,175)	12,659,105
Net Position - Ending	$ 12,637,185	$ (79,354)	$ 12,557,831

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

CITY OF EMERSON, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Water & Sewer	Solid Waste	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 809,025	$ 98,647	$ 907,672
Payments to Suppliers	(622,112)	(58,544)	(680,656)
Payments to/for Employees	(164,885)	(38,997)	(203,882)
Net Cash Provided by (Used in) Operating Activities	22,028	1,106	23,134
Cash Flows From Noncapital Financing Activities			
Payments from (to) Other Funds	(9,862)	(38,258)	(48,120)
Cash Flows from Capital and Related Financing Activities			
Principal Paid	(14,034)	-	(14,034)
Debt Issuance	486,886	-	486,886
Sale of Capital Assets	8,279	38,258	46,537
Interest Paid	(1,458)	-	(1,458)
Acquisition of Capital Assets	(233,543)	-	(233,543)
Net Cash from Capital and Related Financing Activities	246,130	38,258	284,388
Cash Flows from Investing Activities			
Interest Received	-	-	-
Net Increase in Cash	258,296	1,106	259,402
Cash - July 1 , 2015	639,639	27,097	666,736
Cash - June 30, 2016	$ 897,935	$ 28,203	$ 926,138
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (275,138)	$ (8,729)	$ (283,867)
Adjustments to Reconcile to Net Cash Provided by Operating Activities			
Depreciation	311,943	12,410	324,353
(Increase) Decrease in Accounts Receivable	(19,015)	(747)	(19,762)
(Increase) Decrease in Inventory	-	(1,963)	(1,963)
(Increase) Decrease in Deferred Outflows of Resources	(4,669)	(1,890)	(6,559)
Increase (Decrease) in Accounts Payable & Accrued Payables	2,433	78	2,511
Increase (Decrease) in Customer Deposits	2,328	-	2,328
Increase (Decrease) in Compensated Abscences	(492)	398	(94)
Increase (Decrease) in Deferred Inflows of Resources	(4,257)	(1,418)	(5,675)
Increase (Decrease) in Net Pension Liability	8,895	2,967	11,862
Net Cash Provided by (Used in) Operating Activities	$ 22,028	$ 1,106	$ 23,134
Noncash Investing, Capital and Financing Activities			
Capital Contributions - Capital Projects Funds	$ 189,062	$ -	$ 189,062
Net Cash from Noncash Activities	$ 189,062	$ -	$ 189,062

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

This Page Intentionally Left Blank

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Emerson, Georgia was incorporated in 1889. The City operates under a Strong Mayor – City Council form of Government. The City provides the following services: Public Works (Streets), Public Utilities (Water and Solid Waste), Public Safety (Police), and Administrative Services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the primary government and its component units. The City has no component units.

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.

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 City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncement and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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. Fund Types

Governmental Funds

The General Fund, Confiscated Drug Fund, Hotel/Motel Tax Fund, the 2003 SPLOST Capital Projects Fund, the 2008 SPLOST Capital Projects Fund, and the 2013 SPLOST Capital Projects Fund are the major governmental funds that the City reports. The City has elected to present the Confiscated Drug and the Hotel/Motel Tax Fund as special revenue 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 2003 SPLOST Capital Projects Fund, the 2008 SPLOST Capital Projects Fund, and the 2013 SPLOST Capital Projects Fund 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 capital assets acquired through confiscation. The Hotel/Motel Tax special revenue fund accounts for hotel/motel tax receipts and tourism/economic development expenditures as required by statute. There were no hotel/motel tax receipts or expenditures in the current year.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City operates a Water/Sewer Fund and a Solid Waste fund, both of which are presented as major proprietary funds. 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 water/sewer and Solid Waste enterprise funds are charges to

customers for sales and services. The Water/Sewer fund recognizes 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. As a general rule, interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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.

E. Assets, Liabilities, Net Position or Equity

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.

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. **Due to and Due from Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded in all funds affected in the period in which transactions are executed. The balances which represent receivables and payables between governmental and business-type activities in the government-wide statements are reported as internal balances.

4. **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 June 15, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to June 15, 2003.

5. **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.

6. **Compensated Absences.** Full-time, permanent employees are granted vacation benefits. 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. Governmental funds only report the portion expected to be liquidated in the current year. The accrued liability is reported in the respective fund that will pay. For the governmental activities, compensated absences are generally liquidated by the general fund.

7. **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.

8. **Long-term Debt, Bond Discounts and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums for proprietary funds and governmental and business-type activities are capitalized and amortized over the term of the respective bonds using the straight-line method. Bond discounts are presented as a reduction in the face amount of bonds payable. In the fund financial statements, governmental funds recognize bond premiums, discounts and bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source.

9. **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.

Note 2. Stewardship, Compliance and Accountability

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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 Council 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 City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The legal level of budgetary control is at the department level. Any changes in the budget must be within the revenues and reserves estimated as available by the manager or the revenues estimates must be changed by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council. Last year's budget subject to amendment becomes the current year's budget if Council fails to act. Expenditures may not legally exceed budgeted appropriations at the functional level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances at the end of the year were for immaterial amounts and therefore are not reported as reservations of fund balances.

The capital projects funds have a project length budget that was adopted when voters approved the Special Purpose Local Option Sales Tax referendums. The budgets of these funds are prepared for the projected total Special Purpose Local Option Sales Tax tax revenues and capital outlays.

Note 3. Deposits and Investments

Cash as of June 30, 2016 is as follows:

Statement of Net Position:	
Unrestricted Cash	$ 1,507,789
Restricted Cash	419,476
Total	$ 1,927,265

The City has no investments other than cash. The City does not have a formal policy that addresses custodial credit risk.

Note 4. Receivables

Receivables as of June 30, 2016 consist of the following:

	General	Hotel/ Motel Tax	2014 SPLOST Capital Projects	Water and Sewer	Solid Waste	Total
Receivables:						
Accounts	$ 12,981	$ --	$ --	$ 85,336	$ 10,219	$ 108,536
Taxes	34,655	21,015	--	--	--	55,670
Intergovernmental	--	--	47,966	--	--	47,966
Allowances for Uncollectibles	--	--	--	(2,517)	(411)	(2,928)
Net	$ 47,636	$ 21,015	$ 47,966	$ 82,819	$ 9,061	$ 209,244

Taxes receivable include $33,302 of Local Option Sales Tax and $1,353 of property taxes. The intergovernmental receivable of $47,966 consists of accrued SPLOST collections for the 2014 SPLOST.

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 2.0 was approved by the City Council on August 12, 2015. The levy date was September 15, 2015 and taxes were due by December 1, 2015. After December 1, 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 end.

Note 6. Interfund Receivables, Payables and Transfers

Due to/from Other Funds:

Entity-wide internal balances at June 30, 2016 were $113,703.

Due To	Due From	Amount
General	Solid Waste	$113,703

Interfund balances consist of routine transfers for payroll and related benefits and to subsidize operations.

Transfers and payments:

Routine transfers and payments between funds are to subsidize operations and capital asset acquisition. The City had no fund level interfund transfers for the fiscal year ended June 30, 2016.

Transfers of capital assets between business-type funds and governmental funds are presented as transfers on the Statement of Activities.

Source Fund	Transfer to Fund	Amount
2003 Capital Projects	Water/Sewer	$ 2,182
2014 Capital Projects	Water/Sewer	186,879
	Total	$ 189,061

Transfers to the Water/Sewer Fund are for capitalized water and sewer system improvements procured from the 2003 and 2014 SPLOST capital projects funds.

Note 7. Capital Assets

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

Governmental Activities	Balance July 1, 2015	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2016
Capital Assets, Not Being Depreciated				
Land	$ 119,462	$ -	$ -	$ 119,462
Construction In Progress	300,898	3,613	-	304,511
Total Capital Assets Not Being Depreciated	420,360	3,613	-	423,973
Capital Assets, Being Depreciated				
Equipment	413,549	-	-	413,549
Buildings	530,602	99,151	(57,348)	572,405
Infrastructure	345,916	-	-	345,916
Total Capital Assets Being Depreciated	1,290,067	99,151	(57,348)	1,331,870
Less Accumulated Depreciation For:				
Equipment	(245,852)	(40,635)	57,348	(229,139)
Buildings	(168,969)	(15,298)	-	(184,267)
Infrastructure	(83,243)	(7,600)	-	(90,843)
Total Accumulated Depreciation	(498,064)	(63,533)	57,348	(504,249)
Total Capital Assets Being Depreciated, Net	792,003	35,618	-	827,621
Capital Assets, Net	$ 1,212,363	$ 39,231	$ -	$ 1,251,594

Additions to equipment were $99,151 including a police car of $56,791 and public works equipment of $42,360.

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

Administration	$ 16,702
Public Safety	27,278
Public Works	19,553
Total Depreciation Expense	$ 63,533

Business-type Activities	Balance July 1, 2015	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2016
Capital Assets, Not Being Depreciated				
Land	$ 2,700	$ -	$ -	$ 2,700
Construction In Progress	237,433	464,812	-	702,245
Total Capital Assets Not Being Depreciated	240,133	464,812	-	704,945
Capital Assets, Being Depreciated				
Equipment	618,933	36,000	(97,000)	557,933
Buildings	18,768	-	-	18,768
Utility System	13,901,253	6,000	-	13,907,253
Total Capital Assets Being Depreciated	14,538,954	42,000	(97,000)	14,483,954
Less Accumulated Depreciation For:				
Equipment	(368,916)	(40,972)	45,160	(364,728)
Buildings	(12,266)	(630)	-	(12,896)
Utility System	(2,160,797)	(282,752)	-	(2,443,549)
Total Accumulated Depreciation	(2,541,979)	(324,354)	45,160	(2,821,173)
Total Capital Assets Being Depreciated, Net	11,996,975	(282,354)	(51,840)	11,662,781
Capital Assets, Net	$ 12,237,108	$ 182,458	$ (51,840)	$ 12,367,726

Business-type activities construction in progress at year-end consists of $197,543 of GEFA Project expenditures. The 2014 Capital Project Fund contributed $180,879 of utility system construction to the Water/Sewer fund in the current year.

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

Note 8. Deferred Outflows/Inflows of Resources

In addition to assets, the proprietary funds Statement of Net Position and the Entity-wide Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents contributions to the pension plan during the fiscal year that were to be used in future periods.

In addition to liabilities, the proprietary funds Statement of Net Position and the Entity-wide Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents certain changes in the calculation of the pension plan's value that are not recognized as City income during the fiscal year ended June 30, 2016.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents unearned revenue in the form of property taxes not available in the current fiscal year. These amounts are recognized in the period they become available.

Note 9. Lease Obligations

The City has entered into a capital lease agreement with Branch Banking and Trust as lessee for financing the acquisition of a 2013 Dodge Charger. The interest rate on this lease is 3.18%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $22,874 with accumulated depreciation of $6,838.

The City has entered into a capital lease agreement with Branch Banking and Trust as lessee for financing the acquisition of a police equipped 2014 Dodge Charger. The interest rate on this lease is 3.39%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $58,529 with accumulated depreciation of $11,706.

The City has entered into a capital lease agreement with Branch Banking and Trust as lessee for financing the acquisition of a police equipped 2015 Dodge Charger. The interest rate on this lease is 3.41%. If the lease is paid in full, the title to the property is transferred to the City. The City's equipment under lease has a cost of $28,884 with accumulated depreciation of $0.

The following is a schedule of the combined future minimum lease payments of both leases and the present value of the net minimum lease payments at June 30, 2016:

Year Ending June 30	General Fund
2017	$ 39,253
2018	31,140
2019	10,292
Less Accumulated Interest Paid	(4,270)
Present Value of Minimum Lease Payments	$ 76,415

The City has no significant operating lease obligations.

Note 10. Outstanding Debt

Changes in long-term liabilities

The following is a summary of the City's debt transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balances June 30, 2016	Due In One Year
Governmental Activities					
Capital Lease Payable	$ 74,016	$ 28,884	$ (26,485)	$ 76,415	$ 36,673
Compensated Absences	14,428	22,628	(15,550)	21,506	15,550
Net Pension Liability	34,171	97,099	(31,244)	100,026	-
Total Governmental Activities	$ 122,615	$148,611	$ (73,279)	$ 197,947	$ 52,223
Business-type Activities					
Note Payable	$ 43,527	$486,886	$ (14,034)	$ 516,379	$ 14,504
Compensated Absences	2,025	4,627	(5,118)	1,534	5,118
Net Pension Liability	7,193	18,498	(6,634)	19,057	-
Total Business-type Activities	$ 52,745	$510,011	$ (25,786)	$ 536,970	$ 19,622

In prior years, the General Fund has been used to liquidate compensated absences and pension liabilities of the governmental funds.

The note payable is recorded in the Water/Sewer Fund and was for the purchase of a backhoe. The note bears interest at 3.35% with principal and interest due annually on September 10 of each year for five years beginning on September 10, 2013.

The debt service requirements of the note payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$14,504	$ 988	$15,492
2018	14,989	503	15,492
Total	$29,493	$1,490	$30,983

Note 11. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Emerson Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer defined benefit 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 July 1, 1990, 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 at age 55 with 10 years of service. 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.

As of January 1, 2015, employee membership data related to the current plan membership was as follows:

Pensioners as of valuation date (including 0 beneficiaries)	9
Participants inactive during the year ended December 31, 2014 with vested rights	9
Participants active during the year ended December 31, 2014 (including 4 elected officials)	
Vested	12
Nonvested	4
Total	34

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of the assets. The period and related method of amortizing the unfunded actuarial accrued liability is 30 years from July 1, 1991, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan

provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of current valuation, dated January 1, 2015, it was determined that the current contribution rate is 4.83% of annual covered payroll.

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 latest actuarial valuation, dated January 1, 2014, the estimated minimum annual contribution under these funding standards is $17,737.

The contribution to the plan during the fiscal year ended June 30, 2016 was $25,189 ($0 employee and $25,189 employer; 0% and 4.83% of covered payroll respectively) and was made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2015. The City's current year covered payroll amounted to $513,162 based upon the actuarial valuation of January 1, 2015.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of September 30, 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 September 30, 2015.

Actuarial Assumptions: The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Cost of Living Adjustment	0.00%

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 September 30, 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)	(b)	(a)-(b)
	(TPL)	(FNP)	(NPL)
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	$ 636,850	$ 595,485	$ 41,365
Changes for the Year			
Service Cost	20,659	-	20,659
Interest	48,227	-	48,227
Differences Between Expected and Actual Experience	42,381	-	42,381
Contributions - Employer	-	31,122	(31,122)
Net Investment Income	-	6,757	(6,757)
Benefit Payments, Including Refunds of Employee Contributions	(29,130)	(29,130)	-
Administrative Expense	-	(4,330)	4,330
Net Changes	82,137	4,419	77,718
Balances at September 30, 2015	$ 718,987	$ 599,904	$ 119,083

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 District'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	$ 229,551	$ 119,083	$ 28,479

For the year ended June 30, 2016, the City recognized pension expense of $26,020. At June 30, 2016, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions for future periods	$ 18,892	$ -
Difference between expected and actual experience	33,904	37,917
Changes of assumptions	-	2,592
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	19,521	-
Total	$ 72,317	$ 40,509

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 June 30,	Amount
2017	$ (1,140)
2018	(1,140)
2019	(1,140)
2020	16,336

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 12. Deferred Compensation Plan

The City of Emerson has adopted a deferred compensation plan in accordance with provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The City of Emerson 457 Plan is a defined contribution plan.

The plan allows all full time employees to voluntarily defer up to 28% of gross compensation up to $7,500 per year and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. All administrative costs are deducted from the participant's account.

The plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City. In addition, the participants in the plan have rights equal to his or her share of the fair value of the plan assets.

In accordance with GASB Statement No. 32, the City does not report the deferred compensation plan assets in its financial statements because the City does not play an active role in the administration of the plan or perform investment functions for the plan.

Note 13. Restricted Assets and Restricted Net Position/Fund Balance

Restricted Assets

At June 30, 2016, the City's restricted assets consisted of externally restricted cash accounts maintained in the confiscated asset special revenue fund and all three SPLOST Capital Project funds. There are no restricted assets in the City's proprietary funds or business-type activities.

Restricted Assets	
Drug Enforcement Activities	$ 8,447
Capital Project Activities	453,534
	$ 461,981

Restricted Net Position or Fund Balance

Restrictions are used to indicate that a portion of the net position or fund balance is not available for all expenditures or expenses and is legally segregated for a specific future use. The City's restricted net position and fund balance is concentrated in the governmental activities and funds and are as follows:

Restricted for law 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 where the use of funds is restricted to approved expenditures or expenses.

Note 14. 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 15. 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 a defendant in various lawsuits. Although the outcome is not presently determinable, in the opinion of the City's attorney, the resolution of the any current legal matters will not have a material adverse effect on the financial condition of the City. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters for which the City carries insurance.

The City has joined with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) to provide risk coverage for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the fund, and to promptly report all incidents that could result in the fund being required to pay any claim of loss. The City is also to allow the fund's 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 that is within the scope of loss protection furnished by the fund.

The fund is to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs 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.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

Note 16. Joint Venture

The City of Emerson is a member of the Northwest Georgia Regional Commission. The NGRC was created under the laws of the State of Georgia and cities and counties in the area served by the NGRC are required to be members. The membership of the NGRC includes 10 counties and 35 municipalities. Bartow County pays annual membership dues on behalf of the City. The City has no equity interest in the NGRC nor does the City materially contribute to the continued existence of the NGRC. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the NGRC ceases operation, the membership can be assessed for any debt or obligation of the NGRC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1793, Rome, Georgia 30162.

Note 17. Special Purpose Local Option Sales Tax

In November 2002, 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 calendar quarters, or until there is collected net proceeds of $86,000,000, for various capital outlay purposes". Actual collection of the tax began April 1, 2003 and ended March 31, 2008. The City of Emerson's distributive share of this amount was projected to be $1,694,000. The City is to use the proceeds from the tax for various infrastructure and water/sewer improvements.

In November 2007, 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 April 1, 2008 and ended March 31, 2014. The City of Emerson's distributive share of this amount was projected to be $3,546,000 or 1.97%. The City is to use the proceeds from the tax for various infrastructure and water/sewer improvements.

In November 2012, 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 $193,000,000, for various capital outlay purposes". Actual collection of the tax began April 1, 2014 and is projected to end March 31, 2020. The City of Emerson's distributive share of this amount is projected to be $3,787,814 or 1.97%. The City is to use the proceeds from the tax for various infrastructure, capital equipment and water/sewer improvements.

Note 18. Construction Commitments

As of June 30, 2016, the City had no outstanding commitments under construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	$ 20,659	$ 27,632	*	*	*	*	*	*	*	*
Interest	48,227	49,957	*	*	*	*	*	*	*	*
Benefit Changes	-	-	*	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	42,381	(63,197)	*	*	*	*	*	*	*	*
Changes of Assumptions	-	(4,318)	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(29,130)	(35,664)	*	*	*	*	*	*	*	*
Net Change in Total Pension Liability	82,137	(25,590)	*	*	*	*	*	*	*	*
Total Pension Liability - Beginning	636,850	662,440	*	*	*	*	*	*	*	*
Total Pension Liability - Ending	$ 718,987	$ 636,850	*	*	*	*	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 31,122	$ 32,531	*	*	*	*	*	*	*	*
Contributions - Member	-	-	*	*	*	*	*	*	*	*
Net Investment Income	6,757	61,504	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(29,130)	(35,664)	*	*	*	*	*	*	*	*
Administrative Expense	(4,330)	(3,500)	*	*	*	*	*	*	*	*
Other	-	-	*	*	*	*	*	*	*	*
Net Change in Plan Net Position	4,419	54,871	*	*	*	*	*	*	*	*
Plan Net Position - Beginning	595,485	540,614	*	*	*	*	*	*	*	*
Plan Net Position - Ending	$ 599,904	$ 595,485	*	*	*	*	*	*	*	*
Net Pension Liability - Ending	$ 119,083	$ 41,365	*	*	*	*	*	*	*	*
Total Pension Liability	718,987	636,850	*	*	*	*	*	*	*	*
Plan Net Position	599,904	595,485	*	*	*	*	*	*	*	*
Net Pension Liability	119,083	41,365	*	*	*	*	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	83.44%	93.50%	*	*	*	*	*	*	*	*
Covered Employee Payroll	513,162	566,461	*	*	*	*	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	23.21%	7.30%	*	*	*	*	*	*	*	*

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

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

	2016	2015	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	$ 25,189	$ 33,099	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	25,189	33,099	*	*	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	$ -	*	*	*	*	*	*	*	*
Covered Employee Payroll	$513,162	$566,461	*	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	4.91%	5.84%	*	*	*	*	*	*	*	*

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

Notes to Schedule:

Valuation Date:

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. The actuarially determined contribution rate was determined as of January 1, 2014, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

This Page Intentionally Left Blank

INDIVIDUAL FUND BUDGETARY SCHEDULES

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2003 SPLOST - Budget and Actual
For the Year Ended June 30, 2016

	Project Length Budgeted Amounts			
	Original	Final	Current Year Actual	Variance with Final Budget
REVENUES				
Intergovernmental	$ 3,183,000	$ 3,156,753	$ -	$ (3,156,753)
Total Revenues	3,183,000	3,156,753	-	(3,156,753)
EXPENDITURES				
Capital Outlays - Water/Sewer	3,183,000	3,156,753	2,182	3,154,571
Total Expenditures	3,183,000	3,156,753	2,182	3,154,571
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(2,182)	(2,182)
Net Change in Fund Balance	-	-	(2,182)	(2,182)
Fund Balance - Beginning of Year	152,365	152,365	152,365	-
Fund Balance - End of Year	$ 152,365	$ 152,365	$ 150,183	$ (2,182)

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2008 SPLOST - Budget and Actual
For the Year Ended June 30, 2016

	Project Length Budgeted Amounts			
	Original	Final	Current Year Actual	Variance with Final Budget
REVENUES				
Intergovernmental - SPLOST	$ 3,546,000	$ 2,446,000	$ -	$ (2,446,000)
Intergovernmental - Georgia Dept of Transportation	-	-	-	-
Total Revenues	3,546,000	2,446,000	-	(2,446,000)
EXPENDITURES				
Current:				
Public Safety	-	1,209	1,209	-
Public Works	-	-	-	-
Water and Sewer Improvements	-	-	-	-
Capital Outlays:				
Water and Sewer Improvements	1,476,000	1,582,070	-	1,582,070
Streets, Roads, and Buildings	1,895,000	672,721	-	672,721
GIS System	175,000	190,000	3,614	186,386
Total Expenditures	3,546,000	2,446,000	4,823	2,441,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(4,823)	(4,823)
Net Change in Fund Balance	-	-	(4,823)	(4,823)
Fund Balance - Beginning of Year	113,052	113,052	113,052	-
Fund Balance - End of Year	$ 113,052	$ 113,052	$ 108,229	$ (4,823)

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - 2014 SPLOST - Budget and Actual
From Inception and For the Year Ended June 30, 2016

	Actual			
	Prior Years	Current Year	Total to Date	Project Authorization
Revenues				
Intergovernmental - SPLOST	$ 460,909	$ 275,564	$ 736,473	$ 3,787,814
Intergovernmental - Georgia Dept of Transportation	24,078	24,003	48,081	-
Total Revenues	484,987	299,567	784,554	3,787,814
Expenditures				
Current				
General Government - Information Technology	56,975	34,975	91,950	91,950
Public Works	43,866	40,134	84,000	84,000
Water System Improvements	7,591	5,438	13,029	13,029
Capital Outlays				
General Government - Information Technology	5,000	19,483	24,483	143,464
Public Works - Road Projects and Paving	-	-	-	304,866
Public Works - Equipment	44,747	22,877	67,624	306,134
Public Works - Stormwater System Improvements	-	-	-	158,900
Water System Improvements	-	-	-	1,501,971
Sewer System Improvements	121,466	186,879	308,345	1,183,500
Total Expenditures	279,645	309,786	589,431	3,787,814
Excess of Revenues Over Expenditures	205,342	(10,219)	195,123	-
Net Change in Fund Balance	$ 205,342	(10,219)	$ 195,123	$ -
Fund Balance - Beginning of Year		205,342		
Fund Balance - End of Year		$ 195,123		

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ -	$ 58,450	$ 79,426	$ 20,976
Total Revenues	-	58,450	79,426	20,976
EXPENDITURES				
Current:				
General Government	-	23,635	31,779	(8,144)
Total Expenditures	-	23,635	31,779	(8,144)
Excess of Revenues Over Expenditures	-	34,815	47,647	12,832
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(34,815)	(34,538)	277
Total Other Financing Sources (Uses)	-	(34,815)	(34,538)	277
Net Change in Fund Balance	-	-	13,109	13,109
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 13,109	$ 13,109

CITY OF EMERSON, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Confiscated Assets Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ -	$ 6,277	$ 6,277	$ -
Total Revenues	-	6,277	6,277	-
EXPENDITURES				
Current:				
Public Safety	-	3,695	3,695	-
Total Expenditures	-	3,695	3,695	-
Excess of Revenues Over Expenditures	-	2,582	2,582	-
Net Change in Fund Balance	-	2,582	2,582	-
Fund Balance - Beginning of Year	5,865	5,865	5,865	-
Fund Balance - End of Year	$ 5,865	$ 8,447	$ 8,447	$ -

COMPLIANCE SECTION

This Page Intentionally Left Blank

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
Emerson, 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, and each major fund of the City of Emerson, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Emerson, Georgia's basic financial statements and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Emerson, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for 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 Emerson, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Emerson, 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 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 Emerson, 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 of 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
Certified Public Accountants
Cartersville, Georgia
November 3, 2016

CITY OF EMERSON, GEORGIA
2003 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Fiscal Year Ended June 30, 2016

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST (2003)					
Water and Sewer Projects					
Flow measuring Spring #1	$ 80,500	$ -	$ -	$ -	$ -
Install turbidity	55,000	31,647	31,647	-	31,647
Purchase land Spring #1	120,000	-	-	-	-
Groundwater exploration	75,000	256,200	213,250	2,182	215,432
Repairs to old water tanks	160,000	-	-	-	-
Renovate tank access roads	22,500	-	-	-	-
Distribution mains	15,000	1,822	1,822	-	1,822
Spring #2 testing	100,000	-	-	-	-
Retrofit meter services	50,000	210,110	210,110	-	210,110
Miscellaneous extensions	50,000	97,789	97,789	-	97,789
Relocate 10-inch sewer	100,000	-	-	-	-
Renovate sewage pump	7,500	15,271	15,271	-	15,271
Purchase dump truck	84,000	82,370	82,370	-	82,370
	919,500	695,209	652,259	2,182	654,441
Street, Roads and Buildings					
Reclaiming drainage systems	165,000	270,470	270,470	-	270,470
Re-locate police department	20,000	-	-	-	-
Engineering study storm water	25,000	64,802	64,802	-	64,802
Develop old fire station	264,000	-	-	-	-
Paving	163,500	729,872	749,099	-	749,099
	637,500	1,065,144	1,084,371	-	1,084,371
Miscellaneous Projects					
Develop solid waste handling	60,000	8,047	8,047	-	8,047
Install emergency warning	26,000	17,000	15,838	-	15,838
Georgia DNR Compliance	1,000	-	-	-	-
Develop 1 acre recreation park	50,000	-	-	-	-
	137,000	25,047	23,885	-	23,885
Total	$ 1,694,000	$ 1,785,400	$ 1,760,515	$ 2,182	$ 1,762,697

Note: This schedule is prepared on the modified accrual basis of accounting.

CITY OF EMERSON, GEORGIA
2008 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Fiscal Year Ended June 30, 2016

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST (2008)					
Water Projects					
Utility relocation for Old Ala Rd	$ 100,000	$ 62,431	$ 62,431	$ -	$ 62,431
SCADA System	19,000	101,681	83,286	-	83,286
Replace water main in Redtop Circle	280,000	280,000	322,910	-	322,910
Groundwater sewer facility	150,000	-	-	-	-
Security fencing at Spring #1	4,500	-	-	-	-
Arizona Ave install new taps	15,000	-	-	-	-
Repair misc water mains	165,000	165,000	45,750	-	45,750
	733,500	609,112	514,377	-	514,377
Sewer System Improvements					
Replace sewer line on 2nd Street	153,000	405,394	403,861	-	403,861
Repairs on pumps at Puckett Rd	25,000	4,154	4,153	-	4,153
Utility relocation for Old Ala Rd	100,000	92,410	102,583	-	102,583
Power supply at Puckett Rd	30,000	30,730	20,730	-	20,730
Monitor wastewater system	4,500	-	-	-	-
Stormwater testing	30,000	40,270	35,426	-	35,426
Maintain storm sewer flow	150,000	150,000	95,214	-	95,214
Misc sewerage pipes to improve	250,000	250,000	176,260	-	176,260
	742,500	972,958	838,227	-	838,227
Street, Roads and Buildings					
Paving of misc streets	500,000	450,000	287,222	-	287,222
Sidewalks Old Alabama Road	175,000	2,232	180,696	-	180,696
Build public works facility	200,000	2,400	2,400	-	2,400
Install misc sidewalks-bike paths	145,000	95,000	-	-	-
Build community ctr/rec ctr	200,000	21,082	21,082	-	21,082
Build police department	475,000	-	-	1,209	1,209
Equip for street sweeping	185,000	80,000	85,000	-	85,000
Equip for signs roads, streets, etc.	15,000	23,216	25,737	-	25,737
	1,895,000	673,930	602,137	1,209	603,346
Miscellaneous Projects					
Develop GIS System	175,000	190,000	122,434	3,614	126,048
	175,000	190,000	122,434	3,614	126,048
Total	$ 3,546,000	$ 2,446,000	$ 2,077,175	$ 4,823	$ 2,081,998

Note: This schedule is prepared on the modified accrual basis of accounting.

CITY OF EMERSON,GEORGIA
2014 SPLOST - Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Fiscal Year Ended June 30, 2015

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST 2014					
Water Projects					
Water System Improvements	$ 1,515,000	$ 1,515,000	7,591	$ -	$ 7,591
Sewer Projects					
Sewer System Improvements	1,183,500	1,183,500	121,466	192,318	313,784
Road Projects					
Road Projects	345,000	345,000	28,650	40,134	68,784
Storm Sewer System					
Storm Sewer System Improvements	158,900	158,900	-	-	-
Public Works					
Replacement of Public Works Equipment	350,000	350,000	59,963	22,877	82,840
Information Technology					
Information Technology	235,414	235,414	61,975	54,458	116,433
Total	$ 3,787,814	$ 3,787,814	$ 279,645	$ 309,787	$ 589,432

Note: This schedule is prepared on the modified accrual basis of accounting.