CITY OF OAKWOOD, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

CITY OF OAKWOOD, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the City of Oakwood
Oakwood, 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 Oakwood, Georgia, (City) 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, and each major fund of the City as of December 31, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes II.C. and V., the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68. *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information in section A and D respectfully, 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 inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is 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 7, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hawkins & McNair, CPAs
Winder, Georgia
June 7, 2015

City of Oakwood, Georgia
Management's Discussion and Analysis
Year Ended December 31, 2015

The Management's Discussion and Analysis (MD&A) section offers readers of the City of Oakwood's financial statements a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in this report.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2015 by $16,709,006 (net position); of this amount $(213,251) is unrestricted (deficit) net position. The government's total net position increased by $1,592,993 during the year ended December 31, 2015.

- As of December 31, 2015, the City's governmental funds reported combined ending fund balances of $981,820 an increase of $348,350 in comparison with the prior year.

- The unassigned fund balance for the governmental funds at December 31, 2015 was $601,863. The restricted governmental funds balance at December 31, 2015 was $361,424 and the nonspendable fund balance was $18,533.

- The City's long-term liabilities experienced a net increase of $958,000 during the year ended December 31, 2015. The increase was primarily due to GEFA loan draws.

- Overview of the Financial Statements

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

Government-wide financial statements: The "government-wide financial statements" are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The "statement of net position" presents information on all of the City's assets and liabilities, with the differences between the two reported as net position. Over time, increases and decreases in assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that were principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets and recreation. The business-type activities of the City include sewer services.

The government-wide financial statements can be found on pages B1-B3 of this report.

Fund financial statements: A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund balance statements focus on the near-term inflows and outflows of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between funds and governmental activities.

The City maintains four individual governmental funds (general fund, hotel/motel tax fund, TAD fund and SPLOST fund). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for the general fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on page B4-B7 of this report.

Proprietary funds: The City maintains just one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide information for one enterprise fund which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages B8-B9 of this report.

Notes of the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in section C of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found in section D of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $16,709,006 at the close of the most recent year. The following table provides a comparative summary of the City's net assets as of December 31, 2015 and 2014:

City of Oakwood - Net Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 1,030	$ 712	$ 514	$ 516	$ 1,544	$ 1,228
Capital assets	18,665	18,556	12,946	11,179	31,611	29,735
Total assets	19,695	19,268	13,460	11,695	33,155	30,963
Deferred Outflows	398,885	-	-	-	398,885	-
Long-term Liabilities outstanding	6,359	5,142	10,408	8,950	16,767	14,092
Other liabilities	48	78	-	-	48	78
Total Liabilities	6,407	5,220	10,408	8,950	16,815	14,170
Deferred Inflows	29,932	-	-	-	29,932	-
Net position:						
Invested in capital assets, net of related debt	14,023	13,414	2,538	2,229	16,561	15,643
Restricted for capital projects	361	169	-	-	361	169
Unrestricted	(728)	465	514	516	(214)	981
Total net position	$ 13,656	$ 14,048	$ 3,052	$ 2,745	$ 16,708	$ 16,793

A portion of the City's net position (93%) reflects its investments in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be use to liquidate these liabilities.

At the end of the current year, the City reported a negative balance in unrestricted net position.

The government's net position increased by $1,389,384 during the current year.

City of Oakwood - Changes in Net Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 965	$ 1,022	$ 425	$ 586	$ 1,390	$ 1,608
Capital grants and contributions	1,132	979	-	-	1,132	979
General revenues:						
Property tax	1,295	1,144	-	-	1,295	1,144
Local option sales tax	602	578	-	-	602	578
Insurance premium tax	229	215	-	-	229	-
Alcoholic beverage taxes	304	304	-	-	304	-
Franchise tax	257	221	-	-	257	221
Other taxes	114	107	-	-	114	107
Gain on sale of capital asset	-	443	-	-	-	443
Other	-	-	-	-	-	-
Total revenues	4,898	5,013	425	586	5,323	5,080
Expenses (net of indirect costs):						
General administrative & management	601	576	-	-	601	576
Public safety	1,504	1,512	-	-	1,504	1,512
Streets	798	698	-	-	798	698
Solid waste	41	39	-	-	41	39
Economic development	55	61	-	-	55	61
Planning & development	121	126	-	-	121	126
Community services	67	43	-	-	67	43
Sewer	-	-	514	608	514	608
Interest on long-term debt	233	343	-	-	233	343
Total expenses	3,420	3,398	514	608	3,934	4,006
Increase in net position before transfers	1,478	1,615	(89)	(22)	1,389	1,593
Transfers	(396)	-	396	-	-	-
Increase in net position	1,082	1,615	307	(22)	1,389	1,593
Net position - Jan 1 (Restated)	12,574	12,433	2,745	2,767	15,319	15,200
Net position - Dec 31	$ 13,656	$ 14,048	$ 3,052	$ 2,745	$ 16,708	$ 16,793

Governmental activities: Governmental activities increase the City's net position by $1,082,251. This is a $532,774 decrease compared to prior years increase in net position. Key elements of this change are as follows:

- Revenue decreased by $115,000 (72%)
- Expenditures increased by $22,000
- Transfers out was $396,000

Mostly, increases in expenses closely paralleled inflation and growth in the demand for services. However, overall governmental activity expenses increased by $22,000.

Financial Analysis of the Government's Fund

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

Government funds: the focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of $981,820, an increase of $348,341 in comparison with the prior year. $601,863 of the fund balance is classified as unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $601,863. As a measure of the general fund's liquidity, it would be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15% of the total expenditures.

The fund balance, of the City's general fund, increased by $230,958 during the current year. General fund revenues exceeded expenditures by $313,516 during the current year. Key factors in this activity are as follows:

- Revenues increased by $263,027 (6.6%)
- Expenditures decreased by $298,838 (7.0%)

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Fund assets are earmarked (but not legally restricted) for capital improvements and debt service in future years.

General Fund Budgetary Highlights

The difference between the original budget appropriations and final amended budget appropriation for expenditures and transfers was $388,578. The City significantly increased the general government capital outlay budget due to capital projects funding received in 2015 helping the City move forward with new capital projects. Other budget revisions are proposed to closely match revenues and expenditures. No budget revisions are expected to have a significant effect on future services or liquidity.

Capital Asset and Debt Administration

Capital Assets: The City's investments in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to $31,610,870 (net of accumulated depreciation). The investment in capital assets includes land, furniture, machinery and equipment and construction in process. The total increase in the City's investment in capital assets for the current fiscal year was 6%; mostly due to land purchases, construction in process, improvements other than buildings and depreciation. The construction in process in the governmental fund includes infrastructure assets. The proprietary fund construction in process in the new sewer system.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of December 31, 2015 and 2014:

City of Oakwood - Capital Assets ($000)

	Governmental Activites		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 6,548	$ 6,548	$ -	$ -	$ 6,548	$ 6,548
Plants and buildings	1,546	1,546	-	-	1,546	1,546
Improvements other than buildings	12,027	11,263	6,153	5,924	18,180	17,187
Machinery, equipment, fixtures & vehicles	1,764	1,718	-	-	1,764	1,718
Construction in process	1,268	1,268	8,103	6,364	9,371	7,632
Less accumulated depreciation	(4,489)	(3,787)	(1,310)	(1,109)	(5,799)	(4,896)
Total	$ 18,664	$ 18,556	$ 12,946	$ 11,179	$ 31,610	$ 29,735

Addition information on the City's capital assets can be found in the Notes to the Financial Statements in Section C of this report.

Long-term debt: As of December 31, 2015, the City had total debt outstanding of $15,050,039.

The following table summarizes outstanding debt of the City as of December 31, 2014 and 2015:

City of Oakwood - Outstanding Debt ($000)
(General obligation bonds, notes, revenue bonds and contractual obligations)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	$ 2,078	$ 2,527	$ 10,408	$ 8,950	$ 12,486	$ 11,257
Capital lease	-	-	-	-	-	-
Bonds payable	2,564	3,100	-	-	2,564	2,835
Total	$ 4,642	$ 5,627	$ 10,408	$ 8,950	$ 15,050	$ 14,092

The City's total debt increased by $958,000 (7%) during 2015. The increase was mostly due to GEFA loan draws.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in Section C of this report.

Economic Factors and Next Year's Budgets and Rates

The City considered the current year results as well as other factors in preparing the City of Oakwood's Budget for the 2016 year. The 2016 budget is a balanced budget with current revenues covering current expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Oakwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Office of the City Clerk
City of Oakwood
P.O. Box 99
Oakwood, Georgia 30566

City of Oakwood, Georgia
Statement of Net Position
As of December 31, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 804,025	$ 179,907	$ 983,932	$ -
Property tax receivables	447,393	-	447,393	-
Other taxes receivable	35,873	-	35,873	-
Note Reveivable	-	-	-	-
Interest, dividends, and royalties receivable	-	-	-	-
Internal Balances	(334,732)	334,732	-	-
Receivable from other governments	58,721	-	58,721	-
Other receivables	-	-	-	-
Prepaids	18,533	-	18,533	-
Capital assets:				
Land and construction in progress	7,816,359	8,103,003	15,919,362	-
Other capital assets, net of accumulated depreciation	10,848,551	4,842,957	15,691,508	-
Total assets	**19,694,723**	**13,460,599**	**33,155,322**	**-**
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	398,885	-	398,885	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**398,885**	**-**	**398,885**	**-**
LIABILITIES				
Accounts payable	47,993	-	47,993	-
Payroll Tax Payable	-	-	-	-
Other liabilities	-	-	-	
Bonds payable - current	337,000	-	337,000	-
Notes, lease obligations, and estimated claims payable, current	130,446	336,282	466,728	-
Net pension liability, due in more than one year	1,717,239	-	1,717,239	-
Payable to primary government, non-current	-	-	-	-
Intergovernmental payable	-	-	-	-
Notes, lease obligations, and estimated claims payable, non-current	1,947,223	10,071,831	12,019,054	-
Bonds payable, non-current	2,227,255	-	2,227,255	-
Total liabilities	**6,407,156**	**10,408,113**	**16,815,269**	**-**
DEFERRED INFLOWS OF RESOURCES				
Pension related items	29,932	-	29,932	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**29,932**	**-**	**29,932**	**-**
NET POSITION				
Net investment in capital assets	14,022,986	2,537,847	16,560,833	-
Restricted for capital projects	361,424	-	361,424	-
Unrestricted (deficit)	(727,890)	514,639	(213,251)	-
Total net position	**$ 13,656,520**	**$ 3,052,486**	**$ 16,709,006**	**$ -**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Activities
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	Net (Expense) Revenue
Primary government:					
Governmental activities:					
General government	$ 600,951	$ 260,654	$ -	$ 485,360	$ 145,063
Public Safety	1,503,966	653,614	-	-	(850,352)
Streets	798,271	-	-	502,308	(295,963)
Solid Waste	41,249	-	-	-	(41,249)
Economic Development	54,969	-	-	144,783	89,814
Planning & Development	120,949	-	-	-	(120,949)
Community Services	66,761	50,706	-	-	(16,055)
Interest on long-term debt	232,721	-	-	-	(232,721)
Total governmental activities	3,419,837	964,974	-	1,132,451	(1,322,412)
Business-type activities:					
Sewer System	513,924	424,693	-	-	(89,231)
Total primary government	$ 3,933,761	$ 1,389,667	$ -	$ 1,132,451	$ (1,411,643)

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Activities (Continued)
Year Ended December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in Assets:			
Net (expense) revenue	**$ (1,322,412)**	**$ (89,231)**	**$ (1,411,643)**
General revenues:			
Taxes:			
Property Tax	$ 1,294,746		$ 1,294,746
Local Option Sales	601,093	-	601,093
Insurance Premium Tax	229,272	-	229,272
Alcoholic Beverage Taxes	304,146	-	304,146
Franchise taxes (fees)	257,062	-	257,062
Other taxes	114,496	-	114,496
Unrestricted investment income	212	-	212
Miscellaneous	-	-	-
Transfers	(396,364)	396,364	-
Total general revenues and transfers	2,404,663	396,364	2,801,027
Change in net position	**1,082,251**	**307,133**	**1,389,384**
Net position—beginning (restated)	**12,574,269**	**2,745,353**	**15,319,622**
Net position—ending	**$ 13,656,520**	**$ 3,052,486**	**$ 16,709,006**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Balance Sheet -- Governmental Funds
As of December 31, 2015

	General	Hotel/Motel Tax Fund	TAD Fund	SPLOST Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 517,458	$ -	$ 146,803	$ 139,764	$ 804,025
Property taxes receivable	447,393	-	-	-	447,393
Other tax receivable	35,873	-	-	-	35,873
Interest, dividends, and royalties	-	-	-	-	-
Due from other funds	-	-	74,857	-	74,857
Receivable from other governments	58,721	-	-	-	58,721
Prepaids	18,533	-	-	-	18,533
Restricted assets:					
Cash	-	-	-	-	-
Investments	-	-	-	-	-
Notes receivable, non-current	-	-	-	-	-
Total assets	**1,077,978**	**-**	**221,660**	**139,764**	**1,439,402**
LIABILITIES and FUND BALANCES					
LIABILITIES					
Accounts Payable	47,993	-	-	-	47,993
Payroll tax	-	-	-	-	-
Due to other funds	409,589	-	-	-	409,589
Payable to component units	-	-	-	-	-
Interest payable	-	-	-	-	-
Other	-	-	-	-	-
Liabilities payable from restricted assets:					
Accounts payable	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	**457,582**	**-**	**-**	**-**	**457,582**
FUND BALANCES					
Non-spendable prepaids	18,533	-	-	-	18,533
Restricted for Capital Projects	-	-	221,660	139,764	361,424
Unassigned	601,863	-	-	-	601,863
Total fund balances	**620,396**	**-**	**221,660**	**139,764**	**981,820**
Total liabilities and fund balances	**$ 1,077,978**	**$ -**	**$ 221,660**	**$ 139,764**	**$ 1,439,402**

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2015

CITY OF OAKWOOD, GEORGIA

Total fund balance - total governmental funds		
Amounts reported for *governmental activities* in the statement of net position are different because:		$ 981,820
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Net pension liability	(1,717,239)	(1,717,239)
Deferred outflows of resources:		
Pension related items	398,885	
Deferred inflows of resources:		
Pension related items	(29,932)	368,953
Debt principal is a liability in the governmental activities but is not shown in Governmental Funds. Also see Note III.B.2. for additional detail.		(4,641,924)
Capital assets of $ 23,153,447, net of accumulated depreciation of ($ 4,488,537), are not financial resources and, therefore, are not reported in the funds. See Note III.A.4. for additional detail		18,664,910
Net position of governmental activities.		$ 13,656,520

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Revenues, Expenditures,
and Changes in Fund Balances--
Governmental Funds
Year Ended December 31, 2015

	General	Hotel/Motel Tax Fund	TAD Fund	SPLOST Fund	Total Governmental Funds
REVENUES					
Property Tax	$ 1,294,746	$ -	$ -	$ -	$ 1,294,746
Local Option Sales Tax	601,093	-	-	-	601,093
Insurance Premium	229,272	-	-	-	229,272
Alcoholic Beverage Taxes	304,146	-	-	-	304,146
Franchise taxes (fees)	257,062	-	-	-	257,062
Other Taxes	29,693	84,803	-		114,496
Licenses and permits	260,654	-	-	-	260,654
Fines and forfeitures	653,614	-	-	-	653,614
Investment income	-	-	129	83	212
Intergovernmental	502,308	-	-	485,360	987,668
Rental Fees	50,706	-	-	-	50,706
Other	88,690	-	56,093	-	144,783
Total revenues	**4,271,984**	**84,803**	**56,222**	**485,443**	**4,898,452**
EXPENDITURES					
Current:					
General government	661,882	-	-	-	661,882
Police	1,498,358	-	-	-	1,498,358
Highways/Street	823,939	-	-	-	823,939
Solid waste	41,249	-	-	-	41,249
Economic Development	54,969	-	-	-	54,969
Planning & Development	120,949	-	-	-	120,949
Community Services	59,145	-	-	-	59,145
Capital Outlay	-	-	-	160,395	160,395
Debt Service	697,977	-	34,884	-	732,861
Total expenditures	**3,958,468**	**-**	**34,884**	**160,395**	**4,153,747**
Excess (deficiency) of revenues over (under) expenditures	**313,516**	**84,803**	**21,338**	**325,048**	**744,705**
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	-	-	-
Transfers to Other Funds	(167,361)	(84,703)	-	(229,003)	(481,167)
Transfers from Other Funds	84,803	-	-	-	84,803
Net change in fund balances	**230,958**	**-**	**21,338**	**96,045**	**348,341**
Fund balances, beginning	**389,438**	**-**	**200,322**	**43,719**	**633,479**
Fund balances, ending	**$ 620,396**	**$ -**	**$ 221,660**	**$ 139,764**	**$ 981,820**

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

CITY OF OAKWOOD, GEORGIA

Net change in fund balances - total governmental funds	$	348,341
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report principal payments on debt as expenditures. However, in the statement of net position these payments are shown as a reduction in long-term debt.	$	500,140
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $ 810,284 exceeded depreciation of ($ 701,504) in the current period.	$	108,780
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contribution is reported as pension expense. This is the amount by which pension contributions exceed the cost of benefits earned not of employee contributions.	$	124,990
Change in net position of governmental activities.	$	1,082,251

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2015

	Sewer	Total Enterprise Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 179,907	$ 179,907
Accounts receivable, net	-	-
Interest, dividends, and royalties receivable	-	-
Due from other funds	334,732	334,732
Receivables from component units	-	-
Intergovernmental receivables	-	-
Prepaids	-	-
Total current assets	514,639	514,639
Restricted assets-non-current		
Cash and cash equivalents	-	-
Investments	-	-
Interest receivables	-	-
Total restricted assets-non-current	-	-
Other Non-current assets:		
Loan origination fees	-	-
Receivables from component units, non-current	-	-
Capital assets:		
Land and construction in progress	8,103,003	8,103,003
Other capital assets, net of accumulated depreciation	4,842,957	4,842,957
Total other non-current assets	12,945,960	12,945,960
Total assets	**13,460,599**	**13,460,599**
LIABILITIES		
Current Liabilities		
Accounts payable	-	-
Due to other funds	-	-
Accrued interest payable	-	-
Notes and lease obligations, current	336,282	336,282
Customer Deposits	-	-
Total current liabilities	336,282	336,282
Liabilities payable from restricted assets:		
Bond interest payable, current	-	-
Bonds payable, current	-	-
Total liabilities payable from restricted assets	-	-
Non-current liabilities:		
Notes and lease obligations,non-current	10,071,831	10,071,831
Bond interest payable, non-current	-	-
Bond payable, non-current	-	-
Total non-current liabilities	10,071,831	10,071,831
Total liabilities	**10,408,113**	**10,408,113**
NET POSITION		
Net investment in capital assets	2,537,847	2,537,847
Unrestricted (deficit)	514,639	514,639
Total net position	**$ 3,052,486**	**$ 3,052,486**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Revenues, Expenses,
and Changes in Net Position
Proprietary Funds
December 31, 2015

	Sewer	Total Enterprise Funds
OPERATING REVENUES		
Charges for services:		
Capacity/Connection charges	$ 424,693	$ 424,693
Total charges for service	424,693	424,693
Total operating revenues	424,693	424,693
OPERATING EXPENSES		
Personal services	-	-
Maintenance, operations, and contractual services	11,837	11,837
Materials, supplies, and other	-	-
Depreciation	201,284	201,284
Total operating expenses	213,121	213,121
Operating income (loss)	**211,572**	**211,572**
NON-OPERATING REVENUE (EXPENSES)		
Investment income	-	-
Interest on bonds, notes and lease obligations	(300,803)	(300,803)
County Grant	-	-
Total non-operating revenue (expenses)	(300,803)	(300,803)
Income (loss) before contributions and transfers	**(89,231)**	**(89,231)**
Capital contributions from developers	-	-
Capital contributions, other	-	-
Transfers from other funds	396,364	396,364
Transfers to other funds	-	-
Change in net position	**307,133**	**307,133**
Total net position, beginning	**2,745,353**	**2,745,353**
Total net position, ending	**$ 3,052,486**	**$ 3,052,486**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Cash Flows
Proprietary Funds
December 31, 2015

	Sewer	Total Enterprise Funds
Cash flows from operating activities:		
Cash received from customers	$ 424,693	$ 424,693
Cash payments to suppliers for goods and services	(11,837)	(11,837)
Cash payments to employees	-	-
Net cash provided (used) by operating activities	**412,856**	**412,856**
Cash flows from non-capital financing activities:		
Grants received	-	-
Transfers from other funds	396,364	396,364
Transfers to other funds	-	-
Payments from component units	-	-
Net cash provided (used) by non-capital financing activities	**396,364**	**396,364**
Cash flows from capital and related financing activities:		
New Borrowings	1,780,667	1,780,667
Sales Tax Proceeds from developers	-	-
Principal paid on bonds, notes, and lease obligations	(322,538)	(322,538)
Acquisition of capital assets	(1,967,890)	(1,967,890)
Interest paid on bonds, notes, and lease obligations	(300,803)	(300,803)
Proceeds from sale of capital assets	-	-
Capital contributions	-	-
Capital grants received	-	-
Net cash provided (used) by capital and related financing activities	**(810,564)**	**(810,564)**
Cash flows from investing activities:		
Purchase of investments	-	-
Proceeds from sale of investments	-	-
Investments income	-	-
Net cash provided (used) by investing activities	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**(1,344)**	**(1,344)**
Cash and cash equivalents at beginning of year	**181,251**	**181,251**
Cash and cash equivalents at end of year	**$ 179,907**	**$ 179,907**

See accompanying notes to financial statements.

City of Oakwood, Georgia
Statement of Cash Flows
Increase (Decrease) in Cash and
Cash Equivalents
Proprietary Funds
December 31, 2015

	Sewer	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 211,572	$ 211,572
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	201,284	201,284
Non-cash operating revenue (expenses)	-	-
Non-operating revenue (expenses)	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	-	-
(Increase) decrease in due from other funds	-	-
Increase (decrease) in Accounts Payable	-	-
Increase (decrease) in accrued interest payable	-	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in customer deposits	-	-
Increase (decrease) in other liabilities	-	-
Total adjustments	201,284	201,284
Net cash provided (used) by operating activities	**412,856**	**412,856**
Non-cash investing, capital, and financing activities:		
Net increase (decrease) in fair value of investments	-	-
Deferred interest expense on revenue bonds	-	-
Capital assets contributed by developers	-	-
Lessee improvements	-	-
Total non-cash investing, capital, and financing activities	$ -	$ -

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of The City of Oakwood, GA are discussed in subsequent sections of this Note. The remainders of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended December 31, 2015.

I. B. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

I. B. 1. COMPONENT UNITS

The City of Oakwood, GA operates under a council/manager form of government and provides the following services: Public Safety, Streets, Recreation, and General and Administrative services. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City had no such component units as of December 31, 2015.

I. B. 2. RELATED ORGANIZATIONS

Related Organizations	Brief Description of Activities and Relationship to the City.
Housing Authority of the City of Oakwood (HACO)	Administer Federal funding and/or other financing for improvements of housing conditions in the City. The Governing Board is appointed by the City Council. The City has no significant influence over the management, budget, or policies of HACO. The Authority reports independently.

I. B. 3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary funds and component units that are fiduciary in nature, such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to user of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund Financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns of non-major funds.

I. B. 4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Reimbursements are reported as reductions to expenses. Proprietary and fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits are recognized when due and payable in accordance with the terms of the plan. See Note VI.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. See Note III. A. 2. for related information.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

Allocation of Indirect Expenses

The City does not allocate indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services

I. B. 5. FUND TYPES AND MAJOR FUNDS

The City reports the following major governmental funds:

General Fund – Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Hotel/Motel (Special Revenue) Tax Fund – Reports the financial resources and expenditures of the Hotel/Motel taxes.

Tax Allocation Fund (TAD) – Accounts for tax allocation funds from the City and County to be used for land acquisition and capital project in the TAD district.

SPLOST Fund (Capital Projects Fund) – Reports financial resources related to Special Purpose Local Option Sales Tax.

Proprietary Funds

Sewer Fund – reports resources related to the activities of the sewer system.

Other Fund Types

-NONE-

I. C. ASSETS, LIABILITIES, AND NET POSITION

I. C. 1. CASH AND INVESTMENTS

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Cash deposits are reported at carrying amount which reasonably estimates fair value.

I. C. 2. INVENTORIES AND PREPAIDS

Inventories are not recorded by the City. Purchases of supplies (maintenance, office, etc.) are charged to expense when increased.

Prepaids record payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepaids are similarly reported in government-wide and fund financial statements.

I. C. 3. CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets except that infrastructure assets purchased prior to January 1, 2004 have not been recorded. Donated assets are stated at fair value on the date donated. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method and generally includes items with a cost of $ 500 or more. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30
Building Improvements	30
Improvements, other than building	12
Equipment / Computers	5-7
Furniture and fixtures	7
Vehicles	5-7
Infrastructure	20

I. C. 4. CAPITALIZED INTEREST

Interest costs are capitalized on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. C. 5. LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

Long Term Debt outstanding consisted of the following:

-- Bond payable for $ 3,500,000 dated 12/16/07 to provide funding for Road projects. The bonds call for interest only payments semi-annually commencing 06/01/08 through 06/01/11. Principal and interest is then due in varying amounts from 12/01/11 through 12/01/20 at a rate of 4.41% per annum.

--Note payable to GEFA in the original amount of $ 8,439,410 (GEFA Note A). The note calls for 240 monthly payments of $ 51,945 at 4.18% per annum. The principal amount due at 12/31/15 was $ 7,020,432.

--Note payable to GEFA in the original amount of $ 3,387,682 (GEFA Note B). The note calls for 240 monthly payments of $ 20,851 at 4.18% per annum. As of 12/31/15 the City had drawn down $ 2,467,470, plus accrued construction interest of $ 920,212 was added to the principal making a total of $ 3,387,682.

--Note payable for $655,454 to purchase a four (4) acre tract of land. The outstanding principal balance of this Note shall bear interest at the fixed rate of four and one-half (4.5%) percent per annum.

Interest payments only shall be payable monthly beginning January 20, 2013 and continuing on the 20th day of each month thereafter until December 20, 2015. After which, principal and interest payments shall begin on January 20, 2016, amortized over 240 months. The interest rate shall adjust every thirty-six (36) months beginning on January 20, 2016. The adjusted interest rate shall be at "Prime" plus one and one-quarter (1.25%) fixed. Principal and interest payments shall be recalculated based on the new interest rate and payable on the 20th day of each month. One final payment of all principal and interest shall be due on December 20, 2035, which date is the maturity date and at which time all the outstanding principal and all other then outstanding indebtedness under this Note shall be payable in full.

--Note payable for $1,480,000 to purchase seventeen and a half (17.5) acres of land. The "Maturity Date" of the Note, is July 1, 2025. Thereafter on July 1, 2015, Borrower promises to pay to the order of Lender the sum balance of $ 1,480,000.00 with interest from said date at the initial rate of five percent on said principal sum, said payments of principal and interest to be paid as follows: Initial monthly payments of $ 15,697.70 beginning August 1, 2015 over a ten year period with a final payment on July 1, 2015.

On the July 1, 2018, the interest rate herein shall adjust from five percent to the current prime rate (with said prime rate being the "prime rate" as published by the Wall Street Journal) for years four through six hereof (with a cap of a maximum increase of one percent for years four through six) and the monthly payments shall be adjusted accordingly. On the July 1, 2021, the interest rate herein shall adjust from the rate for years four through six as set heretofore to the current prime rate (with said prime rate being the "prime rate" as published by the Wall Street Journal) for years seven through ten hereof (with a cap of a maximum increase of one percent over the years four through six rate) and the monthly payments shall be adjusted accordingly. At no time during the term of this promissory note shall the interest rate drop below five percent.

--A note for $ 1,050,100 to purchase twenty eight (28) acres for future development. The $ 1,050,100 note calls for quarterly payments of $ 58,191.62 beginning 10/01/10 and continuing until paid in full on or before 07/01/15. The note carries an interest rate of 4.0% per annum.

--The City also obtained a tax anticipation note on August 1, 2014 in the amount of $ 400,000 bearing an annual rate of 3.95%. This note was paid off by December 31, 2015.

I. C. 6. FUND EQUITY

The governmental fund financial statements report fund balance for amounts not available for appropriation or legally restricted for specified purposes.

Fund Balance Classification Policies and Procedures

For the classification of fund balances: (1) the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) committed amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

I. D. REVENUES, EXPENDITURES, AND EXPENSES

I. D. 1. LEASE REVENUE

The City did not lease any of its facilities.

I. D. 2. COMPENSATED ABSENCES

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time employees to specified maximums. Generally, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The City did not record a liability for accumulated vacation at December 31, 2015.

I. D. 3. HOTEL/MOTEL TAX

During the current year, the City collected a total of $ 84,803 in hotel/motel excise tax. As required by O.C.G.A. 48-1-54, these finds were used to promote tourism in the area, by funding the Lake Lanier Convention and Visitors Bureau. Funds expended for the current year was $ 34,944 or 41% of receipts.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

II. A. DEFICIT FUND NET POSITION

Primary Government

-NONE-

II. B. BUDGETARY INFORMATION

II. B. 1. BUDGET POLICY AND PRACTICE

Each year, Management prepares a proposed budget for consideration by the City Council. Prior to the beginning of the new fiscal year, the City holds budget hearings seeking comments and fielding questions from its citizens. After consideration of all comments and a review of the proposed budget, the City Council either approves the original proposed budget or a revised budget, after making appropriate changes.

II. B. 2. BASIS OF BUDGETING

The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, debt service. This constitutes the legal level of control.

Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions were made to the original budget.

The City adopted budgets for the general, Hotel/Motel Tax and SPLOST funds on a basis which approximates generally accepted accounting principles (GAAP) as applied to local governments.

II. B. 3. MATERIAL VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

The City did not exceed its expenditure budget in any department.

II. C. CHANGES IN ACCOUNTING PRINCIPLES, FUND RECLASSIFICATIONS AND RESTATEMENT OF EQUITY

C. Changes in Accounting Principles

The City has determined that a restatement to the January 1, 2015 beginning net position was required to recognize the change in the accounting principle for implementation of the Government Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" as well as Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68". This restatement was needed to retroactively recognize certain transactions as of January 1, 2015, through which an accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the Governmental Activities of the City as follows:

Beginning Net Position, January 1, 2015, as Previously Reported	$ 14,047,545
Change in Accounting Principle Due to the Implementation of GASB 68	(1,473,276)
Beginning Net Position, January 1, 2015, as Restated	$ 12,574,269

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

III. A. ASSETS

III. A. 1. DEPOSITS AND INVESTMENTS (*in thousands*)

Deposits

It is the City's policy for deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end.

The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government					
Governmental Activities					
General Fund	525,601	-0-	-0-	525,601	517,458
SPLOST Fund	139,764	-0-	-0-	139,764	139,764
TAD Fund	146,803	-0-	-0-	146,803	146,803
Business-Type Activities					
Sewer Fund	179,907	-0-	-0-	179,907	179,907

Investments

Generally, the City's investing activities are managed under the custody of the City Manager. Investing is performed in accordance with investment policies complying with state statutes and the City Charter. City funds may be invested in: (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged; (2) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the City when secured by appropriate collateral; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the United States government, its agencies and instrumentalities, (5) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized (domestic securities) and restrictions as specified in state law; (6) State and Local Government Series (SLGS); and (7) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment.

The City had no investments at December 31, 2015.

III. A. 2. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Enterprise Receivables, Uncollectible Accounts, and Deferred Revenue

-NONE-

Property Taxes Receivables, Deferred Revenue, and Property Tax Calendar

Property taxes attach as an enforceable lien on property at the City council's direction. Taxes are generally levied on December 1st of each year, and are due and payable by February 1st. All unpaid taxes become delinquent and subject to lien on February 1st. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

III. A. 3. RESTRICTED ASSETS

There are currently no restricted assets.

III. A. 4. CAPITAL ASSETS

Changes in Capital Assets

The following table provides a summary of changes in capital assets (in thousands):

	CAPITAL ASSETS, NOT DEPRECIATED		CAPITAL ASSETS, DEPRECIATED			
	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Furniture, Machinery and Equipment	Total
Primary Government						
Governmental Activities						
Balance, December 31, 2014	$ 6,548	$ 1,268	$ 1,546	$ 11,263	$ 1,718	$ 22,343
Increases	-	-	-	764	46	810
Decreases	-	-	-	-	-	-
Balance, December 31, 2015	6,548	1,268	1,546	12,027	1,764	23,153
Accumulated Depreciation						
Balance, December 31, 2014	-	-	635	1,643	1,509	3,787
Increases	-	-	53	572	77	702
Decreases	-	-	-	-	-	-
Balance, December 31, 2015	-	-	688	2,215	1,586	4,489
Governmental Activities						
Capital Assets, Net	6,548	1,268	858	9,812	178	18,664
Business-type Activities						
Balance, December 31, 2014	-	6,364	-	5,924	-	12,288
Increases	-	1,739	-	229	-	1,968
Decreases	-	-	-	-	-	-
Balance, December 31, 2015	-	8,103	-	6,153	-	14,256
Accumulated Depreciation						
Balance, December 31, 2014	-	-	-	1,109	-	1,109
Increases	-	-	-	201	-	201
Decreases	-	-	-	-	-	-
Balance, December 31, 2015	-	-	-	1,310	-	1,310
Business-type Activities						
Capital Assets, Net	-	8,103	-	4,843	-	12,946
Primary Government						
Capital Assets, Net	$ 6,548	$ 9,371	$ 858	$ 14,655	$ 178	$ 31,610

Depreciation Expense

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

Governmental Activities		**Business-type Activities**	
General Government	$ 64,059	Sewer	$ 201,284
Police	42,390		
Community Services	7,616		
Streets	587,439		
Solid waste	-0-		
Total	$ 701,504		

III. B. LIABILITIES

III. B. 1. LEASE COMMITMENTS AND NOTES PAYABLE

See Note I.C.5.

III. B. 2. LONG-TERM DEBT

Changes in General Long – Term Debt

The following is a summary of changes in long – term debt for the year ended December 31, 2015:

	Governmental Activities				
	Land Purchase#1	Land Purchase#2	Series 2007 Bonds	$1,050,100 Note	Tax Anticipation
Balance December 31, 2014	$ 655,454	$ 1,480,000	$ 2,835,332	$ 171,277	$ -
Additions	-	-	-	-	400,000
Retirements	-	(57,785)	(271,077)	(171,277)	(400,000)
Balance December 31, 2015	$ 655,454	$ 1,422,215	$ 2,564,255	$ -	$ -

	Business-type Activities	
	GEFA Note A	GEFA Note B
Balance December 31, 2014	$ 7,342,970	$ 1,607,015
Additions	-0-	1,780,667
Retirements	(322,538)	-0-
Balance December 31, 2015	$ 7,020,432	$ 3,387,682

5–year debt service requirement for the GEFA loan A:

Fiscal Year End	Principal	Interest	Total
12/31/2016	336,282	287,060	623,342
12/31/2017	350,611	272,731	623,342
12/31/2018	365,551	257,791	623,342
12/31/2019	381,127	242,215	623,342
12/31/2020	397,367	225,975	623,342
12/31/2021-12/31/2025	2,255,710	861,000	3,116,710
12/31/2026-12/31/2030	2,779,029	337,681	3,116,710
12/31/2031	154,754	1,082	155,836
Total	7,020,431	2,485,535	9,505,966
Short Term	336,282		
Long Term	6,684,149		

5-year debt service requirement for the GEFA Loan B is as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2016	-	129,611	129,611
12/31/2017	45,571	140,901	186,472
12/31/2018	112,659	137,558	250,217
12/31/2019	117,459	132,758	250,217
12/31/2020	122,464	127,753	250,217
12/31/2021-12/31/2025	695,187	555,898	1,251,085
12/31/2026-12/31/2030	856,468	394,617	1,251,085
12/31/2031-12/31/2035	1,055,167	195,918	1,251,085
12/31/2036-12/31/2037	382,706	13,470	396,176
Total	3,387,681	1,828,484	5,216,165
Short Term	-		
Long Term	3,387,681		

Debt service on the $ 3.5 million series 2007 Bonds is as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2016	337,000	112,978	449,978
12/31/2017	351,900	98,116	450,016
12/31/2018	417,400	82,598	499,998
12/31/2019	435,800	64,190	499,990
12/31/2020	500,000	44,970	544,970
12/31/2021	522,155	22,922	545,077
Total	2,564,255	425,774	2,990,029
Short Term	337,000	112,978	449,978
Long Term	2,227,255	312,796	2,540,051

Debt Service requirements for the Land Purchase #1 are as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2016	20,689	29,072	49,761
12/31/2017	21,639	28,122	49,761
12/31/2018	22,633	27,128	49,761
12/31/2019	23,673	26,088	49,761
12/31/2020	24,760	25,001	49,761
12/31/2021-12/31/2025	141,946	106,858	248,804
12/31/2026-12/31/2030	177,687	71,117	248,804
12/31/2031-12/31/2035	222,427	26,377	248,804
Total	655,454	339,763	995,217
Short Term	20,689	29,072	49,761
Long Term	634,765	310,691	945,456

Debt Service requirements for the Land Purchase #2 are as follows:

Fiscal Year End	Principal	Interest	Total
12/31/2016	109,757	62,918	172,675
12/31/2017	125,602	62,770	188,373
12/31/2018	132,028	56,344	188,372
12/31/2019	138,783	49,589	188,372
12/31/2020	145,883	42,489	188,372
12/31/2021-12/31/2025	770,162	93,223	863,385
Total	1,422,215	367,333	1,789,549
Short Term	109,757	62,918	172,675
Long Term	1,312,458	304,415	1,616,874

III. B. 3. RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The City is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

All significant programs are covered by commercial insurance and no significant changes have occurred in coverage during the past three years. During the year ended December 31, 2015, the City paid 0 claims. The City is not aware of any claims which the City is liable for which were outstanding and unpaid at December 31, 2015. No provisions have been made in the financial statements for the year ended December 31, 2015 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Oakwood became a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. The City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool agents and attorneys, to follow loss reduction procedures established by the fund and to report promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool'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 within the scope of loss protection furnished by the funds.

The City joined the Georgia Interlocal Risk Management Agency which allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorities Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

--To pay all contributions, assessments or other sums due to GIRMA at such times and in such times and in such amounts as shall be established by GIRMA.

--To select a person to serve as a member representative.

--To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

--To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

--To assist and cooperate in the defense and settlement of claims against the City.

--To furnish full cooperation and GIRMA's attorneys. claims adjusters, Service Company, and any agent, employee officer or independent contractor of GIRMA relating to the purposes of GIRMA.

--To follow all loss reduction and prevention procedures established by GIRMA.

--To furnish to GIRMA such budget, operating and underwriting information as may be requested.

--To report as promptly as possible, and in accordance with any Coverage Description issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

--The City retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

--The basis for estimating the liabilities for unpaid claim is "IBNR" established by an actuary.

--During the year ended December 31, 2015, the City paid 0 claims. The City has not compiled a record of the claims paid up to the $ 1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $ 1,000) which were outstanding and unpaid at December 31, 2015. No provisions have been made in the financial statements for the year ended December 31, 2015 for any estimate of potential unpaid claims.

III. C. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

III. C. 1. RECEIVABLES AND PAYABLES

The following interfund receivables and payables were recorded at 12/31/15:

	Due to Sewer	Due to TAD	Due from General
General Fund	$ 334,732	$ 74,857	
Sewer Fund			$ 334,732
TAD Fund			$ 74,857

All Interfund Receivables and Payables are generally satisfied in the following year.

III. C. 2. TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis.

	Transfer from Hotel/Motel Tax Fund	Transfer to Sewer Fund
Transfer to General Fund	$ 84,803	$ -0-
Transfer from General Fund		167,361
Transfer from SPLOST		229,003

IV. SEGMENT INFORMATION

-NONE-

V. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

V.A. JOINTLY GOVERNED ORGANIZATION

-NONE-

V. B. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Georgia Mountains Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission
P.O. Box 1720
Gainesville, Georgia 30503

VI. RETIREMENT PLANS

The City participates in the Social Security Administration benefits plan, which is administered by others, is a separate legal entity and is not included in the City's financial statements.

The City also participates in the Georgia Municipal Employees Benefit System (GMEBS) Retirement Fund, an agent multiple-employer defined benefit plan where contributions made by the City are commingled with contributions made by the other participants of the GMEBS Retirement Fund for investment purposes. The Plan periodically issues an overall report to the required agencies. A stand-alone financial report can be obtained at City Hall. The City implemented and adopted GASB 68 in the current year.

The specific benefit provisions of the City's Plan were established by an adoption agreement executed by the City Council. The plan provides for benefits upon retirement, death, disablement, and termination of employment. The Plan is affiliated with the Georgia Municipal Association (GMA). The City Council retains the authority to amend the adoption agreement, which defined the specific operational provisions of The Plan. An outline of the plan provisions follows:

Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan (The City of Oakwood Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia's Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the employer and its plan members. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership As of June 30, 2015, the date of the most recent actuarial valuation, there were 12 participants consisting of the following:

Inactive plan members for beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not receiving benefits	16
Active plan members	18
	40

Contributions: The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the cost of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the fiscal year ended December 31, 2015, the City's contribution rate was 35.2% of annual payroll. City contributions to the Plan were $ 341,884 for the fiscal year ended December 31, 2015. Employees of the City do not contribute to the Plan.

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015.

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

Inflation	0.00%
Salary increases	3.25%
Investment rate of return	7.75%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014.

Cost of living adjustments were assumed to be 0.00% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

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*
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	0%	
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, which is zero, and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City: The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2014	**$ 3,820,073**	**$ 2,004,913**	**$ 1,815,160**
Changes for the year:			
Service cost	100,023	-	100,023
Interest	289,436	-	289,436
Differences between expected and actual experience	10,974	-	10,974
Assumption Changes	-	-	-
Contributions - employer	-	341,884	(341,884)
Net investment income	-	199,142	(199,142)
Benefit payments, inlcuding refunds of employee contributions	(170,822)	(170,822)	-
Administrative expense and other	35,359	(7,313)	42,672
Net changes	**264,970**	**362,891**	**(97,921)**
Balances at 6/30/2015	**$ 4,085,043**	**$ 2,367,804**	**$ 1,717,239**

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 2,247,593	$ 1,717,239	$ 1,273,984

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2015 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended December 31, 2015, the City recognized pension expense of $ 341,884. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,232	$ -
Changes in assumptions	26,520	-
Net difference between projected and actual earnings on pension plan investments	-	(29,932)
City contributions subsequent to the measurement date	-	-
Total	$ 34,752	$ (29,932)

City Contributions subsequent to the measurement date of $ 341,884 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2015. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2016	$ 4,101
2017	4,101
2018	4,101
2019	(7,483)
2020	-0-
Total	$ 4,820

The City also participated in the Peace Officers' Annuity and Benefit Fund of Georgia as described below:

PEACE OFFICERS' ANNUITY AND BENEFIT FUND OF GEORGIA

Plan Description

The Peace Officers' Annuity and Benefit Fund of Georgia (Fund) was created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. The Fund administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.*

Members of the Fund are employed by units of government throughout the State of Georgia. The employers of the Fund's members do not make contributions to the Fund. The State of Georgia provides nonemployer contributions to the Fund through the collection of court fines and forfeitures. These nonemployer contributions are recognized as revenue by the Fund when collected from the courts.

Basis of Presentation

The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (the schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Actuarial Valuation Date

The total pension liability is based upon the June 30, 2014 actuarial valuation.

Components of Net Pension Liability

The components of the net pension liability of the participating employers and nonemployers at June 30, 2014 were as follows:

Total pension liability	$ 104,371
Net pension	(108,280)
Net pension liability (asset)	$ (3,909)
Plan fiduciary net position as a percentage of total pension liability	103.75%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with blue collar adjustment projected on al fully generational mortality basis using Scale AA for healthy lives and the RP -2000 Disability Mortality Table for disables lives.

The long-term expected rate of return on pension plan investments was calculated by the Fund's investment manager as 6.66% using a Monte Carlo simulation in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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. The Fund's administrator determined that 7.00% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the Fund's investment manager.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Special Funding Situation

The State of Georgia, although not the employer of the Fund's members, makes contributions to the Fund through the collection of court fines and forfeitures as specified by O.C.G.A. §47-17-60. The State makes all these contributions on behalf of the employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68.

Since the employers of the Fund's members do not contribute directly to the Fund, there is no net pension liability to recognize for each employer. However, the notes to each employer's financial statements must disclose the portion of the nonemployer contributing entity's share of the net pension liability that is associated with that employer. In addition, each employer must recognize its portion of the pension expense of the State as well as recognize revenue contributions from the State in an equal amount.

Allocation Methodology

GASB Statement No. 68, *Accounting and financial Reporting for Pensions – an amendment of GASB Statement no. 27* requires participating employers and nonemployer contributing entities to recognize their proportionate share of collective net pension liability and pension expense. These scheduled are prepared to provide employers and nonemployer contributing entities with their calculated proportionate share.

Members of the Fund are employees of units of government throughout the state. The employers of the Fund's members do not make contributions to the Fund; therefore, the proportionate share allocation for each employer is 0%.

The amounts attributable to the State of Georgia, as the nonemployer contributing entity, have been allocated to each employer based on the number of Fund members employed as of June 30, 2014.

Components of Schedule of Pension Amounts by Employer

Net Pension Liability: The employer proportionate share of the net pension liability is equal to the net pension liability multiplied by the employer's proportionate share percentage for the fiscal year ending June 20, 2014 as shown in the Schedule of Employer Allocations.

Difference between Projected and Actual Investment Earnings on Pension Plan Investments: The difference between the actual earnings on plan investments compared to the plans expected rate of return of 7.00% is amortized over a closed period of 5 years. The amount of the difference between projected and actual earnings for the fiscal year ending June 30, 2014 is $ (9,557). The first year amortization, $ (1,911), is recognized as pension expense with the remaining, $ (7,646), shown as deferred inflows of resources. The employer proportionate share of these amounts is equal to the amount multiplied by the employer's proportionate share percentage for fiscal year ending June 30, 2014 as shown in the Schedule of Employer Allocations.

Pension Expense: The calculation of pension expense for the fiscal year ending June 30, 2014 is shown in the following table:

Service cost	$ 2,027
Interest of the total pension liability and net cash flow	6,971
Projected earnings on plan investments	(6,508)
Expensed portion of current period difference between projected And actual earnings on plan investments	(1,911)
Member contributions	(547)
Administrative expenses	113
Collective pension expense	$ 145

The employer proportionate share of pension expense is equal to the pension expense multiplied by the employer's proportionate share percentage for the fiscal year ending June 30, 2014 as shown in the Schedule of Employer Allocations.

VII. RELATED PARTY TRANSACTIONS

The City was not involved in any related party transaction during the fiscal year December 31, 2015.

VIII. CONTINGENCIES

VIII. A. LITIGATION

The City is party to various legal proceeding which normally occurs in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

VIII. B. FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant fund from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2015

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
REVENUES					
Taxes:					
Property Tax	$ 1,122,600	$ 172,146	$ 1,294,746	$ 1,294,746	$ -
Local Option Sales Tax	587,000	14,093	601,093	601,093	-
Insurance Premium Taxes	221,500	7,772	229,272	229,272	-
Alcoholic Beverage Taxes	310,500	(6,354)	304,146	304,146	-
Other Taxes	20,700	8,993	29,693	29,693	-
Total taxes	2,262,300	196,650	2,458,950	2,458,950	-
Licenses and permits:					
Licenses	198,800	(57,552)	141,248	141,248	-
Permits	115,800	3,606	119,406	119,406	-
Franchise taxes (fees)	238,300	18,762	257,062	257,062	-
Other fees	-	-	-	-	-
Total licenses and permits	552,900	(35,184)	517,716	517,716	-
Fines and forfeitures	665,000	(11,386)	653,614	653,614	-
Investment income	-	-	-	-	-
Intergovernmental	64,600	437,708	502,308	502,308	-
Rental Fees	85,000	(34,294)	50,706	50,706	-
Sale of fixed assets	-	-	-	-	-
Other	19,750	68,940	88,690	88,690	-
Total revenues before prior year fund balance	3,649,550	622,434	4,271,984	4,271,984	-
Prior year fund balances				-	
Appropriated for current year budget	389,438	-	389,438	389,438	-
Reappropriated for prior year encumbrances	-	-	-	-	-
Total revenues and prior year fund balances	$ 4,038,988	$ 622,434	$ 4,661,422	$ 4,661,422	$ -

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2015

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
EXPENDITURES					
General government:					
Salaries	$ 266,109	$ 5,042	$ 271,151	$ 271,151	$ -
Employee Benefits	155,821	(3,840)	151,981	151,981	-
Services and Supplies	190,026	(13,919)	176,107	176,107	-
Capital Outlay	272,818	(210,175)	62,643	62,643	-
Total general government	884,774	(222,892)	661,882	661,882	-
Public safety:					
Police:					
Salaries	612,118	24,222	636,340	636,340	-
Employee Benefits	448,114	27,083	475,197	475,197	-
Services and Supplies	396,140	(55,929)	340,211	340,211	-
Capital Outlay	48,000	(1,390)	46,610	46,610	-
Total public safety	1,504,372	(6,014)	1,498,358	1,498,358	-
Public services:					
Streets:					
Salaries	142,530	3,584	146,114	146,114	-
Employee Benefits	101,123	1,679	102,802	102,802	-
Services and Supplies	122,095	45,060	167,155	167,155	-
Capital Outlay	10,000	397,868	407,868	407,868	-
Total public services	375,748	448,191	823,939	823,939	-
Solid Waste	41,221	28	41,249	41,249	
Economic Development	228,000	(173,031)	54,969	54,969	-
Planning & Development	129,737	(8,788)	120,949	120,949	-
Community Services	49,438	9,707	59,145	59,145	-
Debt Service	508,761	189,216	697,977	697,977	-
Total expenditures	3,722,051	236,417	3,958,468	3,958,468	-
Excess of revenues over expenditures	$ 316,937	$ 386,017	$ 702,954	$ 702,954	$ -

City of Oakwood, Georgia
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2015

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	$ -	$ 84,803	$ 84,803	$ 84,803	$ -
Capital Project	-	-	-	-	-
Sanitation	-	-	-	-	-
Total	-	84,803	84,803	84,803	-
Transfers to other funds:	(15,200)	(152,161)	(167,361)	(167,361)	-
Total transfers to other funds	(15,200)	(152,161)	(167,361)	(167,361)	-
Excess of revenues and other sources over expenditures and other uses	**301,737**	**318,659**	**620,396**	**620,396**	**-**
Fund balances, beginning (GAAP budgetary basis)	**389,438**	**-**	**389,438**	**389,438**	**-**
Less prior year fund balances (1)	(389,438)	-	(389,438)	(389,438)	-
Fund balance, ending (GAAP budgetary basis)	**$ 301,737**	**$ 318,659**	**$ 620,396**	**$ 620,396**	**$ -**

(1) The General Fund budget included $ 389,438 in fund balance which is a prior year carry forward. It is not a revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balance has been reduced for prior year fund balance to reflect the budgetary ending fund balance projected.

CITY OF OAKWOOD, GEORGIA
SCHEDULE OF CITY CONTRIBUTIONS - RETIREMENT PLAN

	2015
Actuarially determined contribution	$ - *
Contributions in relation to the actuarially determined contribution	- *
Contribution deficincy (excess)	$ - *
Covered-employee payroll	- *
Contributions as a percentage of Covered-employee payroll	- *

Notes to the Schedule

Valuation Date	
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow durng the year plus the assumed nvestment reture, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 14 years.

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

* 2015 Information will be determined after fiscal year-end and will be included in the 2016 valuation report.

Hawkins & McNair, CPAs

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

To the City Council
City of Oakwood, 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 City of Oakwood, Georgia, (City) 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, and have issued our report thereon dated June 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawkins & McNair, CPAs
Winder, Georgia
June 7, 2016

Hawkins & McNair, CPAs

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Oakwood, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Oakwood, Georgia, for the year ended December 31, 2015. This schedule is the responsibility of the City of Oakwood, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note I.B.5 and is not intended to be a complete presentation of the City of Oakwood, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Oakwood, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

Hawkins & McNair, CPAs
June 7, 2016

CITY OF OAKWOOD, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	REVISED BUDGET	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	EXPENDITURES TOTAL	% COMPLETED
SPLOST VI						
Transportation Projects						
McEver Road at HF Reed	$ 200,000	$ 200,000	$ 200,000	$ -	$ 200,000	100.0%
Oakwood Local Road Resurfing	1,200,000	1,200,000	563,605	160,395	724,000	60.3%
Oakwood Downtown Sewer Phase 1	800,000	800,000	485,290	229,004	714,294	89.3%
Infrastructure - Roads, side-walks, streetscape and etc	1,500,000	1,500,000	839,240	-	839,240	55.9%
Other	-	-	59	-	59	0.0%
Total SPLOST VI	$ 3,700,000	$ 3,700,000	$ 2,088,194	$ 389,399	$ 2,477,593	66.9%

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Oakwood, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Oakwood, Georgia's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Hawkins & McNair, CPAs
Winder, Georgia
June 7, 2016

CITY OF OAKWOOD, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass through Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Environmental Protection Agency				
Pass-through program from State Georgia Environmental Facilities Authority Drinking Water State Revolving Fund	66.468	2005L32WQB	$ 1,780,667	
Total U.S. Environmental Protection Agency			$ 1,780,667	(1)
Total expenditures of federal awards			$ 1,780,667	

(1) Major Program

CITY OF OAKWOOD, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal loan/grant activity of the City of Oakwood and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF OAKWOOD, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the City of Oakwood, Georgia.

2. No significant deficiencies were disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the City of Oakwood, Georgia were disclosed during the audit.

4. No significant deficiencies were disclosed during the audit of internal control over major federal award programs.

5. The auditor's report on compliance for the major federal award programs for the City of Oakwood, Georgia expresses an unqualified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award are reported in this schedule.

7. The programs tested as major programs included CFDA #66.458 – US Environmental Protection Agency.

8. The threshold for distinguishing Types A and B programs was $ 300,000.

9. The City of Oakwood, Georgia was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

None Reported

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Reported