CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2014

Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

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INTRODUCTORY SECTION

THE CITY OF
UNION CITY
GEORGIA

February 24, 2015

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

State law requires that all general-purpose local governments publish for the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Union City, Georgia for the fiscal year ended August 31, 2014.

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

The City of Union City, Georgia's financial statements have been audited by Mauldin & Jenkins, CPA, LLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Union City, Georgia for the fiscal year ended August 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Union City, Georgia's financial statements for the fiscal year ended August 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

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

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2014, by the Mayor and Council.

Financial Position and Future Prospects

Union City, like most cities, has been hit hard by the recession. Due to the economy the City was placed in a difficult financial position and was forced to make tough decisions including an increase in its millage rate and reductions in staff. The City is carefully managing its budget by monitoring expenditures of funds and reviewing revenue projections. The city recently concluded negotiations regarding the allocation of Local Option Sales tax which are expected to result in additional revenues estimated at $1.5 million.

Union City has a distinctive blend of new and established business clusters that are strategically designed to succeed. The digest reflects this diversification with 65.1% commercial; 16.9% industrial and 18.0% residential. Over 87% of businesses located in Union City are in the services or retail trade sector. This is in part due to the existence of numerous services and retail establishments located along Georgia Highway 138 & 29.

Union City has gained the attention of top businesses from around the country. Over the last year, the city continued to attract high profile companies including the Walmart Distribution e-commerce facility to the City. The redevelopment of 82 acres at I-85 and Jonesboro Road will also bring movie studios to Union City. With these new additions, Union City continues to maintain a solid yet distinctive blend of business clusters that are strategically designed to succeed.

Incentives such as the Tax Allocation District (TAD) proposed an 885-acrea mixed-use development that helps focus redevelopment and local infrastructure improvements on a former Mall location. The City also maintains the Opportunity Zone designation to attract businesses by promotion job tax credits up to $3,500 per job created. Businesses are able to utilize this credit against their Georgia Income Taxes may claim excess credit against their withholding taxes. Recently, Union City received a federal designation as a Georgia Foreign Trade Zone (GFTZ) which helps businesses remain competitive, reducing processing fees, custom fees and enhancing the movement of goods in a global marketplace. And finally, Union City offers 100% Freeport exemption to its industrial businesses as well.

Union City’s business environment is a mixture of retail, manufacturing and commercial. Currently there are nine manufacturing establishments and 18 wholesale trade outlets in addition to its historically strong retail environment. Land availability, location advantages, such as the interstate and close proximity to Hartsfield-Jackson International Airport, present Union City with an opportunity distinct to South Fulton County. These resources have enabled the City to capture development, both commercial and residential.

Federal and State Grants

The City is has made a significant investment in applying for federal and state awards which use Federal and State dollars to benefit its citizens. In fiscal 2014, Union City received grants used for additional police equipment, personnel, street paving and resurfacing. The City has additional grants of $2.2 million which will be exercised in future years for infrastructure improvements.

Awards & Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Union City for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended August 31, 2013. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



LaSonja Fillingame
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Union City

Georgia

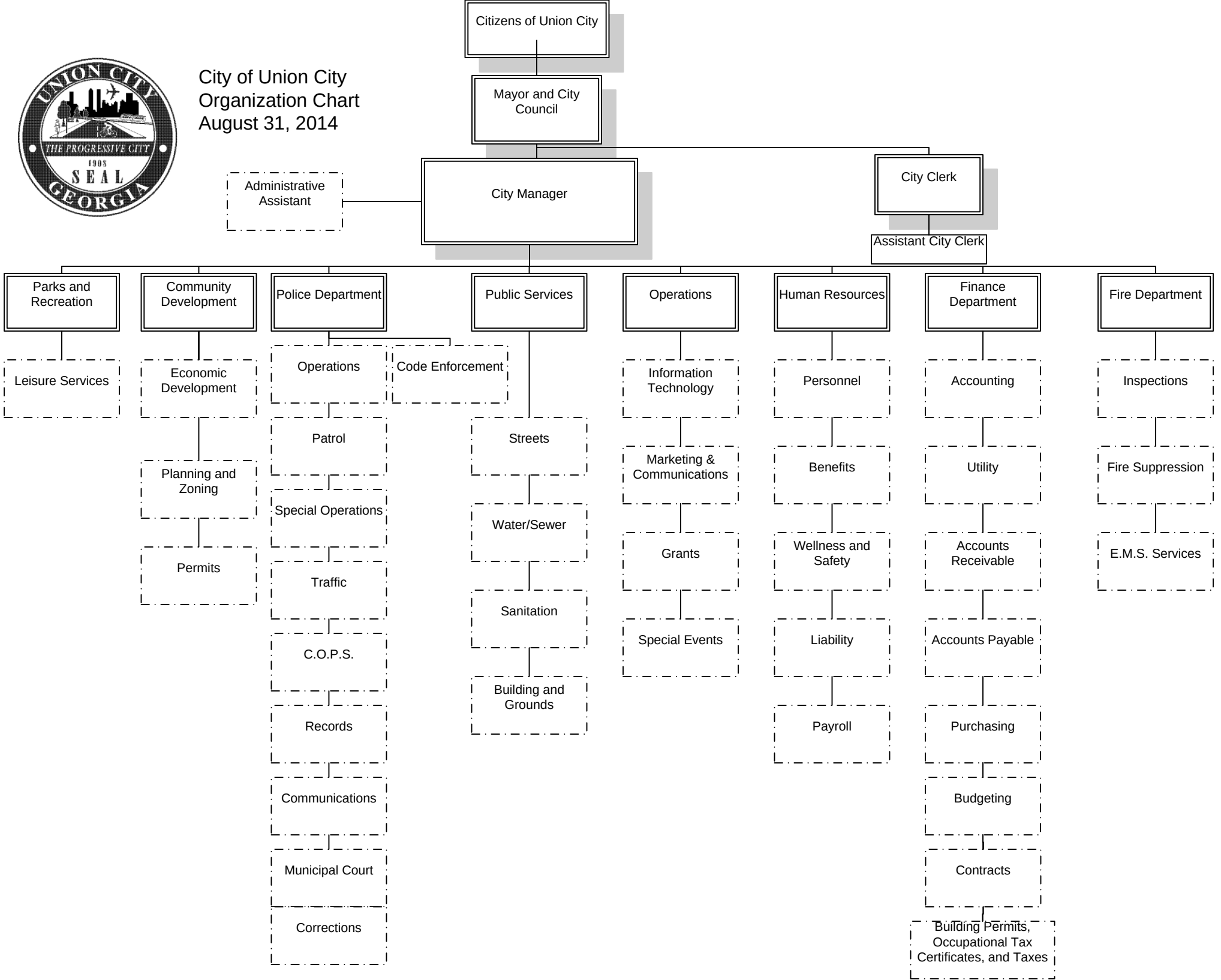
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2013



Executive Director/CEO

City of Union City Organization Chart August 31, 2014



CITY OF UNION CITY, GEORGIA

PRINCIPAL OFFICIALS
AUGUST 31, 2014

Elected Officials

Vince Williams, Mayor

City Council
Brian K. Jones
Angelette Mealing
Joyce Robinson
Shayla Nealy

Appointed Officials

City Manger
La Sonja Filligame

City Clerk
Jacqueline Cossey

Chief of Police
Charles Odom

Chief of Fire Administration
Vacant

Director of Public Services
Cedric Clark

Director of Community Development
Vacant

Directors

Finance Director
Tarsha Calloway

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13) and the Schedule of Funding Progress (on page 57) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2015, on our consideration of the City of Union City, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the City of Union City, Georgia's internal control over financial reporting and compliance.

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Mauldin & Jenkins, LLC

Macon, Georgia
February 24, 2015

As management of the City of Union City, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2014 are as follows:

- The assets of the City exceeded its liabilities at the close of the fiscal year by $19,378,905 (net position).
- The City's total net position increased by $3,424,372 or 21.46%.
- As of the close of the current fiscal year, the City's governmental activities reported combined ending net position of $7,379,798 an increase of $3,701,087 from the prior year.
- General Fund results were $2,258,972 better than budgeted.
- In fiscal year 2013, the City began charging citizens and businesses for stormwater usage. As a result, a separate enterprise fund for these activities was created and stormwater assets included in governmental activities were transferred to this fund. Fiscal Year 2014 was the first full year of the Stormwater Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

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

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

Overview of the City's Financial Position and Operations

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

City of Union City's Net Position
August 31, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 8,631,215	$ 5,534,648	$ 6,984,358	$ 6,490,030	$ 15,615,573	$ 12,024,678
Capital assets, net	16,141,924	16,383,368	17,504,770	18,165,059	33,646,694	34,548,427
Total assets	24,773,139	21,918,016	24,489,128	24,655,089	49,262,267	46,573,105
Other liabilities	4,495,489	3,633,272	2,193,891	1,660,799	6,689,380	5,294,071
Long-term liabilities outstanding	12,897,852	14,606,033	10,296,130	10,718,468	23,193,982	25,324,501
Total liabilities	17,393,341	18,239,305	12,490,021	12,379,267	29,883,362	30,618,572
Net position:						
Net investment in capital assets	3,597,239	2,046,237	8,901,118	10,385,111	12,498,357	12,431,348
Restricted	1,879,206	1,734,932	2,059,130	925,910	3,938,336	2,660,842
Unrestricted	1,903,353	(102,458)	1,038,859	964,801	2,942,212	862,343
Total net position	$ 7,379,798	$ 3,678,711	$ 11,999,107	$ 12,275,822	$ 19,378,905	$ 15,954,533

Financial Position

The total net position of the City increased by $3,424,372 or 21.46%, from $15,954,533 to $19,378,905 as noted in the table above. The governmental activities net position increased by $3,701,087 or 100.6%, while the business-type activities net position decreased by $276,715 or 2.3%.

City of Union City's Changes in Net Position
August 31, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	$ 3,285,668	$ 3,363,884	$ 8,919,049	$ 9,733,232	$ 12,204,717	$ 13,097,116
Operating grants and contributions	237,834	501,184	-	1,696,094	237,834	2,197,278
Capital grants and contributions	213,471	270,551	-	-	213,471	270,551
General revenues:						
Property taxes	7,582,758	5,619,122	-	-	7,582,758	5,619,122
Sales taxes	4,506,448	3,015,388	-	-	4,506,448	3,015,388
Franchise taxes	1,186,078	1,158,518	-	-	1,186,078	1,158,518
Other taxes	1,440,981	1,330,272	-	-	1,440,981	1,330,272
Unrestricted investment earnings	13,551	5,954	18,698	5,320	32,249	11,274
Total revenues	18,466,789	15,264,873	8,937,747	11,434,646	27,404,536	26,699,519
Expenses:						
General government	2,054,613	2,470,084	-	-	2,054,613	2,470,084
Judicial	436,347	452,295	-	-	436,347	452,295
Public safety	9,590,617	9,865,376	-	-	9,590,617	9,865,376
Public works	1,611,785	1,766,343	-	-	1,611,785	1,766,343
Parks and recreation	523,992	495,841	-	-	523,992	495,841
Economic development	751,348	832,622	-	-	751,348	832,622
Interest on long-term debt	531,627	591,502	-	-	531,627	591,502
Water and Sewer	-	-	7,279,343	6,690,719	7,279,343	6,690,719
Sanitation	-	-	611,799	736,123	611,799	736,123
Stormwater	-	-	223,238	55,470	223,238	55,470
Criminal Justice Management	-	-	365,455	2,372,405	365,455	2,372,405
Total expenses	15,500,329	16,474,063	8,479,835	9,854,717	23,980,164	26,328,780
Decrease in net position before transfers	2,966,460	(1,209,190)	457,912	1,579,929	3,424,372	370,739
Transfers	734,627	(157,492)	(734,627)	157,492	-	-
Change in net position	3,701,087	(1,366,682)	(276,715)	1,737,421	3,424,372	370,739
Net position, beginning of year, as restated	3,678,711	5,045,393	12,275,822	10,538,401	15,954,533	15,583,794
Net position, end of year	$ 7,379,798	$ 3,678,711	$ 11,999,107	$ 12,275,822	$ 19,378,905	$ 15,954,533

Governmental Activities

As noted in the table on the preceding page, governmental revenues increased $3,201,916 or 20.98%. The more significant increases were property taxes which increased $1,963,636 or 35% as a result of an increase in millage rates from 10.599 to 15.598; Sales taxes increased $1,491,060 or 50% as a result of increased allocations from Fulton County based on increases in population.

Expenses for governmental activities decreased ($973,733) or (5.91%). The largest decrease was in general government expenses which decreased ($415,471) or (16.82%) because the prior year included $373,000 of non capitalizable fixed asset purchases. Public works expenses decreased ($256,194) or 14.5% because of decreases in staff.

Business-Type Activities

Net position for business type activities decreased ($276,715) or 2.3%. The Water and Sewer fund reported a decrease in net position of ($1,185,790); the Criminal Justice Management Fund had an increase in net position of $195,123; the Stormwater fund had an increase net position of $684,115; and the Sanitation fund had an increase in net position of $29,837.

The Water and Sewer fund had net operating income of $1,134,383; $1,625,583; and $1,793,264 for 2014; 2013 and 2012, respectively. The improvement in operating income beginning in 2012 and 2013 is attributable to a 12.5% increase in rates. The decrease in net operating income is attributable to an increase in depreciation expense related to the purchase of additional sewer capacity. The Water and Sewer fund continues to bear non-operating expenses for obligations under an intergovernmental agreement with the South Fulton Regional Water Authority to fund the repayment of construction bonds for alternative water and sewer resources. These obligations were $1,543,382; $1,435,381; and $1,386,372 for 2014; 2013 and 2012, respectively. (See Note 14, page 54). In July 2013, the City paid the Fulton County Water Authority $6,374,613 for additional capacity at the Camp Creek Water Reclamation Facility. These costs were capitalized and are reflected as depreciable assets.

The Criminal Justice Management fund had net operating income (losses) of $195,123; ($705,096); and ($214,878) for 2014; 2013 and 2012, respectively. Because of continuing losses prior to 2013, the City ceased operating the facility. Beginning August 2013, the jail facility is being leased to the Fulton County Sheriff's department on a monthly basis.

The Stormwater Fund had net operating income of $816,405 and $684,055 for 2014 and 2013 respectively. The improvement in stormwater operating income is attributable to a full year of operating activities. Operating activities for 2013 represent a partial year.

The City manages the billing and collection of revenues for its Sanitation customers, and outsources the collection and disposal of garbage to a private vendor for both residential and commercial customers. The City's goal in the process is to, at a minimum, break even and attempt to maintain a level retained earnings balance in order to refrain from having to transfer funds into the Sanitation activities from other sources. This is a service that the City provides to its residents which aides residents further by controlling and maintaining the lowest cost for these services, as opposed to allowing a private vendor to take over the entire process and expose residents to garbage fees that could be inflated for profit reasons. The Sanitation Fund had net income before transfers of $29,837; $68,424; and $19,927 for 2014; 2013 and 2012, respectively.

Financial Analysis of the City's Funds

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

Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on page 16, were $5,288,282. This balance represents an increase of $2,440,842 or 86% from last year's ending balance. The tables below reflect changes in governmental fund balances.

City of Union City's Governmental Fund Balance
August 31, 2014

	2014	2013	$ Change	% Change
General Fund	$ 3,213,172	$ 954,196	$ 2,258,976	236.74 %
Other Governmental Funds	2,075,110	1,893,244	181,866	9.61
Total Governmental Fund Balance	$ 5,288,282	$ 2,847,440	$ 2,440,842	85.72

As noted in the table on the following page, excess (deficiency) of revenues over (under) expenditures prior to other financing sources in the Governmental Funds was $1,706,215 as compared to ($2,655,008) in the prior year. Governmental revenues increased $2,902,525 or 18.97%. Property taxes increased $1,664,245 due to the increased millage rate. Other taxes increased $1,601,769 or 36.86% due to the increased allocation of Local Option Sales Taxes from Fulton County. Fines and forfeitures decreased ($244,069) or (21.51%) due to personnel vacancies in the police department.

Governmental expenditures decreased ($1,458,698) or (8.13%). Public safety expenses decreased ($297,735) or (3.23%) as a result of personnel vacancies in the police and fire departments. Capital outlay decreased ($885,912) or (63.57%) as general obligation bond proceeds are depleted.

City of Union City's Changes in Governmental Fund Balance
August 31, 2014

	2014	2013	$ Change	% Change
Revenues				
Property taxes	$ 7,315,208	$ 5,650,963	$ 1,664,245	29.45 %
Other taxes	5,947,429	4,345,660	1,601,769	36.86
Charges for services	506,748	471,330	35,418	7.51
Licenses and permits	1,778,056	1,632,620	145,436	8.91
Intergovernmental	436,801	759,641	(322,840)	(42.50)
Franchise fees	1,186,078	1,158,518	27,560	2.38
Fines and forfeitures	890,810	1,134,879	(244,069)	(21.51)
Interest revenue	13,551	5,954	7,597	127.59
Rental income	18,870	20,425	(1,555)	(7.61)
Other revenue	105,688	116,724	(11,036)	(9.45)
Total revenues	18,199,239	15,296,714	2,902,525	18.97
Expenditures				
Current:				
General government	1,927,849	2,050,824	(122,975)	(6.00)
Judicial	341,796	360,126	(18,330)	(5.09)
Public safety	8,825,056	9,224,427	(399,371)	(4.33)
Public works	1,423,334	1,390,823	32,511	2.34
Parks and recreation	374,883	368,894	5,989	1.62
Planning and economic development	751,348	817,605	(66,257)	(8.10)
Capital outlay	507,667	1,393,579	(885,912)	(63.57)
Debt service				
Principal (net of refunding)	1,772,797	1,728,241	44,556	2.58
Interest	568,294	617,203	(48,909)	(7.92)
Total expenditures	16,493,024	17,951,722	(1,458,698)	(8.13)
Excess (deficiency) of revenues over (under) expenditures	1,706,215	(2,655,008)	4,361,223	(164.26)
Other financing sources				
Net transfers	734,627	773,000	(38,373)	
Total other financing sources	734,627	773,000	(38,373)	
Net change in fund balance	$ 2,440,842	$ (1,882,008)	$ 4,322,850	229.69 %

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

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated generating $100,224 of general fund reserves in excess of expenditures. Actual results were $2,258,972 better than projected.

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

- For the General Fund, the actual revenues were $616,665 better than the final budget. Revenues were budgeted at $16,450,384 and actual revenues were $17,067,049. Other taxes were $1,343,725 better than budgeted due to increased allocation of Local Option Sales Taxes from Fulton County. Fines and forfeitures were ($581,190) less than budgeted due to fewer police officers available for issuing citations.

- Actual expenditures of $13,405,072 were $1,616,297 less than the budgeted amount of $15,021,369 as management reduced expenses in order to build reserves. General government expenditures were $1,209,010 better than budgeted primarily because a contingency budget of $843,304 was not utilized.

Capital Asset and Debt Administration

Capital Assets

The City has invested $33,646,695 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

City of Union City's Capital Assets, net of Accumulated Depreciation
August 31, 2014

	Governmental Activities		Business -type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 691,851	$ 691,851	$ 493,194	$ 493,194	$ 1,185,045	$ 1,185,045
Construction in progress	1,201,975	547,600	-	-	1,201,975	547,600
Buildings, grounds and improvements	6,757,042	7,036,579	10,241,200	10,425,201	16,998,242	17,461,780
Machinery and equipment	379,725	441,662	-	-	379,725	441,662
Infrastructure	5,868,997	6,191,634	845,447	893,192	6,714,444	7,084,826
Intangibles	-	-	5,914,223	6,339,198	5,914,223	6,339,198
Vehicles	1,242,334	1,474,042	10,706	14,274	1,253,040	1,488,316
Total	$ 16,141,924	$ 16,383,368	$ 17,504,770	$ 18,165,059	$ 33,646,694	$ 34,548,427

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

Total capital asset additions for 2014 were $893,046 compared to $7,956,596 in 2013. Prior year included the purchase of rights for additional wastewater capacity at the Camp Creek Water Reclamation Facility which is owned by Fulton County, Georgia.

Long-term Debt

At the end of the current year, the City had long term debt related to governmental activities of $12,439,164 and $10,400,000 for business type activities. In 2012, the City issued Water and Sewer revenue bonds of $11,275,000 for operations and renewal and extension activities. All debt is 100% backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources and Water and Sewer bonds are secured by related revenues.

The Citizens of the City approved the 2006 Bond Referendum in March of 2006 for $12,575,000 which required an increase in the property tax millage rate from 7.5 mills to 9.5 mills. The additional property tax revenue collected from the increase in the millage rate will be used to repay the 2006 Series Bonds. Moody's Investors Service has assigned a rating of "A2" on the 2012 Water and Sewer bonds.

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

City of Union City's Outstanding Long-Term Liabilities
August 31, 2014

	Governmental Activities		Business -type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds backed by property taxes	$ 11,980,000	$ 13,125,000	$ -	$ -	$ 11,980,000	$ 13,125,000
Revenue bonds	-	-	10,400,000	10,840,000	10,400,000	10,840,000
Note payable	-	38,464	-	-	-	38,464
Capital lease	459,164	1,048,497	-	-	459,164	1,048,497
	$ 12,439,164	$ 14,211,961	$ 10,400,000	$ 10,840,000	$ 22,839,164	$ 25,051,961

Economic Factors and Next Year's Budgets and Rates

The City along with most other municipalities in the Clayton County and southern Fulton County area has been hit extremely hard by the housing depression caused by sub-prime lending practices. As a result, expected services and revenues will be revised as economic conditions dictate. Millage rates for property taxes were increased by the City Council to 15.598 mills for fiscal year 2014.

Contacting the City's Financial Management

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION
AUGUST 31, 2014

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	South Fulton Municipal Regional Jail Authority
Cash and cash equivalents	$ 6,952,172	$ 1,736,137	$ 8,688,309	$ 24,133
Investments	101,083	306,663	407,746	-
Taxes receivable	604,367	-	604,367	-
Accounts receivable, net of allowances	11,704	1,575,264	1,586,968	-
Internal balances	98,183	(98,183)	-	-
Due from other governments	525,815	-	525,815	296,842
Due from others	136,312	-	136,312	-
Inventory	19,640	25,865	45,505	-
Prepaid expenses	181,939	23,981	205,920	-
Restricted assets:				
Cash and cash equivalents	-	3,304,375	3,304,375	-
Investments	-	110,256	110,256	-
Capital assets:				
Nondepreciable	1,893,826	493,194	2,387,020	286,986
Depreciable, net of accumulated depreciation	14,248,098	17,011,576	31,259,674	7,953,743
Total assets	24,773,139	24,489,128	49,262,267	8,561,704
LIABILITIES				
Accounts payable	2,539,786	1,002,002	3,541,788	864
Accrued liabilities	490,548	90,531	581,079	161,506
Unearned revenues	31,411	-	31,411	-
Due to other governments	43,653	-	43,653	-
Customer deposits payable	-	804,516	804,516	-
Due to component unit	-	296,842	296,842	-
Other noncurrent liability - pension	1,390,091	-	1,390,091	-
Capital leases due within one year	85,580	-	85,580	-
Capital leases due in more than one year	373,584	-	373,584	-
Bonds payable due within one year	1,225,000	450,000	1,675,000	300,000
Bonds payable due in more than one year	10,860,521	9,815,815	20,676,336	12,755,000
Claims payable due within one year	27,446	-	27,446	-
Compensated absences due within one year	325,721	30,315	356,036	-
Total liabilities	17,393,341	12,490,021	29,883,362	13,217,370
NET POSITION				
Net investment in capital assets	3,597,239	8,901,118	12,498,357	2,890,729
Restricted				
Law enforcement	292,892	-	292,892	-
Economic development	251,655	-	251,655	-
Debt service	321,572	1,510,051	1,831,623	-
Capital outlay	1,013,087	-	1,013,087	-
Customer deposits	-	549,079	549,079	-
Unrestricted	1,903,353	1,038,859	2,942,212	(7,546,395)
Total net position	$ 7,379,798	$ 11,999,107	$ 19,378,905	$ (4,655,666)

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: South Fulton Municipal Regional Jail Authority
Primary government:								
Governmental activities:								
General government	$ 2,054,613	$ 1,894,426	$ 35,175	$ -	$ (125,012)	$ -	$ (125,012)	$ -
Judicial	436,347	77,926	-	-	(358,421)	-	(358,421)	-
Public safety	9,590,617	1,224,270	202,659	-	(8,163,688)	-	(8,163,688)	-
Public works	1,611,785	-	-	213,471	(1,398,314)	-	(1,398,314)	-
Parks and recreation	523,992	59,616	-	-	(464,376)	-	(464,376)	-
Planning and economic development	751,348	29,430	-	-	(721,918)	-	(721,918)	-
Interest on long-term debt	531,627	-	-	-	(531,627)	-	(531,627)	-
Total governmental activities	15,500,329	3,285,668	237,834	213,471	(11,763,356)	-	(11,763,356)	-
Business-type activities:								
Water and sewerage	7,279,343	6,509,855	-	-	-	(769,488)	(769,488)	-
Sanitation	611,799	808,973	-	-	-	197,174	197,174	-
Criminal justice management	365,455	560,578	-	-	-	195,123	195,123	-
Stormwater	223,238	1,039,643	-	-	-	816,405	816,405	-
Total business-type activities	8,479,835	8,919,049	-	-	-	439,214	439,214	-
Total primary government	$ 23,980,164	$ 12,204,717	$ 237,834	$ 213,471	(11,763,356)	439,214	(11,324,142)	-
Component units:								
South Fulton Municipal Regional Jail Authority	$ 744,628	$ 780,445	$ -	$ -	-	-	-	35,817
Total component units	$ 744,628	$ 780,445	$ -	$ -	-	-	-	35,817
General revenues:								
Property taxes					7,582,758	-	7,582,758	-
Sales taxes					4,506,448	-	4,506,448	-
Insurance premium tax					1,003,618	-	1,003,618	-
Alcoholic beverage taxes					21,659	-	21,659	-
Other taxes					415,704	-	415,704	-
Franchise taxes					1,186,078	-	1,186,078	-
Unrestricted investment earnings					13,551	18,698	32,249	102
Transfers					734,627	(734,627)	-	-
Total general revenues and transfers					15,464,443	(715,929)	14,748,514	102
Change in net position					3,701,087	(276,715)	3,424,372	35,919
Net position, beginning of year					3,678,711	12,275,822	15,954,533	(4,691,585)
Net position, end of year					$ 7,379,798	$ 11,999,107	$ 19,378,905	$ (4,655,666)

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

CITY OF UNION CITY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2014

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 4,590,606	$ 2,361,566	$ 6,952,172
Investments	101,083	-	101,083
Taxes receivable, net	562,617	41,750	604,367
Accounts receivable, net	-	11,704	11,704
Due from other governments	416,038	109,777	525,815
Due from others	136,312	-	136,312
Inventory	19,640	-	19,640
Due from other funds	149,326	-	149,326
Prepaid expenditures	181,939	-	181,939
Advances to other funds	98,183	-	98,183
Total assets	$ 6,255,744	$ 2,524,797	$ 8,780,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,296,336	$ 243,450	$ 2,539,786
Accrued liabilities	274,097	13,258	287,355
Unearned revenue	31,411	-	31,411
Due to others	-	43,653	43,653
Due to other funds	-	149,326	149,326
Total liabilities	2,601,844	449,687	3,051,531
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	440,728	-	440,728
Total deferred inflow of resources	440,728	-	440,728
FUND BALANCES			
Nonspendable:			
Inventory	19,640	-	19,640
Prepaid expenditures	181,939	-	181,939
Advances to other funds	98,183	-	98,183
Restricted for:			
Law enforcement	-	292,892	292,892
Economic development	-	251,655	251,655
Other capital projects	-	1,013,087	1,013,087
Debt service	-	321,572	321,572
Assigned to:			
Public safety - jail	-	195,904	195,904
Unassigned	2,913,410	-	2,913,410
Total fund balances	3,213,172	2,075,110	5,288,282
Total liabilities and fund balances	$ 6,255,744	$ 2,524,797	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,141,924
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	440,728
Net pension obligation is not due and payable in the current period and is therefore not reported in governmental funds.	(1,390,091)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(13,101,045)
Net position of governmental activities	$ 7,379,798

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	General	Other Governmental Funds	Totals Governmental Funds
Revenues			
Property taxes	$ 7,315,208	$ -	$ 7,315,208
Other taxes	5,531,725	415,704	5,947,429
Charges for services	206,692	300,056	506,748
Licenses and permits	1,778,056	-	1,778,056
Intergovernmental	35,175	401,626	436,801
Franchise taxes	1,186,078	-	1,186,078
Fines and forfeitures	890,810	-	890,810
Interest revenue	13,251	300	13,551
Rental income	18,870	-	18,870
Other revenues	91,184	14,504	105,688
Total revenues	17,067,049	1,132,190	18,199,239
Expenditures			
Current:			
General government	1,927,849	-	1,927,849
Judicial	341,796	-	341,796
Public safety	8,082,003	743,053	8,825,056
Public works	1,321,698	101,636	1,423,334
Parks and recreation	374,883	-	374,883
Planning and economic development	737,106	14,242	751,348
Capital outlay	-	507,667	507,667
Debt service:			
Principal	589,333	1,183,464	1,772,797
Interest	30,404	537,890	568,294
Total expenditures	13,405,072	3,087,952	16,493,024
Excess (deficiency) of revenues over (under) expenditures	3,661,977	(1,955,762)	1,706,215
Other financing sources (uses)			
Transfers in	946,627	2,349,628	3,296,255
Transfers out	(2,349,628)	(212,000)	(2,561,628)
Total other financing sources (uses)	(1,403,001)	2,137,628	734,627
Net change in fund balances	2,258,976	181,866	2,440,842
Fund balances, beginning of year	954,196	1,893,244	2,847,440
Fund balances, end of year	$ 3,213,172	$ 2,075,110	$ 5,288,282

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

CITY OF UNION CITY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	2,440,842
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(213,842)
The net effect of various miscellaneous transactions involving capital assets (disposals) is to decrease net		(27,602)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		267,550
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,772,797
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(538,658)
Change in net postion of governmental activities	$	3,701,087

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 7,628,234	$ 7,628,234	$ 7,315,208	$ (313,026)
Other taxes	4,188,000	4,188,000	5,531,725	1,343,725
Charges for services	283,550	283,550	206,692	(76,858)
Licenses and permits	1,698,800	1,698,800	1,778,056	79,256
Intergovernmental	-	-	35,175	35,175
Franchise taxes	1,155,000	1,155,000	1,186,078	31,078
Fines and forfeitures	1,472,000	1,472,000	890,810	(581,190)
Interest revenue	5,000	5,000	13,251	8,251
Rental income	13,100	13,100	18,870	5,770
Other revenues	6,700	6,700	91,184	84,484
Total revenues	16,450,384	16,450,384	17,067,049	616,665
Expenditures:				
Current:				
General government:				
City clerk	268,203	268,202	209,234	58,968
Finance	503,064	503,063	495,541	7,522
City administrator	196,467	212,039	196,920	15,119
Mayor and council	148,359	148,235	126,571	21,664
Human resources	317,484	339,895	324,406	15,489
Operations	1,703,281	1,665,425	575,177	1,090,248
Total general government	3,136,858	3,136,859	1,927,849	1,209,010
Judicial:				
Municipal court	353,634	353,632	341,796	11,836
Public safety:				
Police	4,525,780	4,525,779	4,352,806	172,973
Fire	3,769,683	3,769,685	3,729,197	40,488
Total public safety	8,295,463	8,295,464	8,082,003	213,461
Public works:				
Buildings and grounds	1,432,006	1,432,006	1,321,698	110,308
Planning and economic development	740,237	740,236	737,106	3,130
Parks and recreation	379,563	379,560	374,883	4,677
Debt service	683,612	683,612	619,737	63,875
Total expenditures	15,021,373	15,021,369	13,405,072	1,616,297
Excess of revenues over expenditures	1,429,011	1,429,015	3,661,977	2,232,962
Other financing sources (uses)				
Transfers in	946,627	946,627	946,627	-
Transfers out	(2,375,638)	(2,375,638)	(2,349,628)	26,010
Total other financing sources (uses)	(1,429,011)	(1,429,011)	(1,403,001)	26,010
Net change in fund balances	$ -	$ 4	2,258,976	$ 2,258,972
Fund balance, beginning of year			954,196	
Fund balance, end of year			$ 3,213,172	

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2014

	Major Enterprise Fund	Nonmajor Enterprise Funds			
	Water and Sewerage Fund	Criminal Justice Management Fund	Stormwater Fund	Sanitation Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 302,046	$ 489,076	$ 869,779	$ 75,236	$ 1,736,137
Investments	306,663	-	-	-	306,663
Accounts receivable, net of allowances	919,847	100	540,642	114,675	1,575,264
Inventory	25,865	-	-	-	25,865
Prepaid expenses	-	23,981	-	-	23,981
Restricted assets					
Cash and cash equivalents	3,304,375	-	-	-	3,304,375
Investments	110,256	-	-	-	110,256
Total current assets	4,969,052	513,157	1,410,421	189,911	7,082,541
NONCURRENT ASSETS					
Nondepreciable	493,194	-	-	-	493,194
Depreciable, net of accumulated depreciation	16,166,130	-	845,446	-	17,011,576
Total noncurrent assets	16,659,324	-	845,446	-	17,504,770
Total assets	21,628,376	513,157	2,255,867	189,911	24,587,311
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	845,076	36,892	21,761	98,273	1,002,002
Accrued liabilities	32,108	1,619	-	-	33,727
Compensated absences	28,265	2,050	-	-	30,315
Due to component unit	-	296,842	-	-	296,842
Payable from restricted assets:					
Customer deposits payable	804,516	-	-	-	804,516
Revenue bonds payable - current portion	450,000	-	-	-	450,000
Accrued interest on bonds payable	56,804	-	-	-	56,804
Total current liabilities	2,216,769	337,403	21,761	98,273	2,674,206
NONCURRENT LIABILITIES					
Advances from other funds	98,183	-	-	-	98,183
Revenue bonds payable - net of unamortized discounts and current portion	9,815,815	-	-	-	9,815,815
Total noncurrent liabilities	9,913,998	-	-	-	9,913,998
Total liabilities	12,130,767	337,403	21,761	98,273	12,588,204
NET POSITION					
Net investment in capital assets	8,055,672	-	845,446	-	8,901,118
Restricted					
Debt service	1,510,051	-	-	-	1,510,051
Customer Deposits	549,079	-	-	-	549,079
Unrestricted	(617,193)	175,754	1,388,660	91,638	1,038,859
Total net position	$ 9,497,609	$ 175,754	$ 2,234,106	$ 91,638	$ 11,999,107

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Major Enterprise Fund	Nonmajor Enterprise Funds			
	Water and Sewerage Fund	Criminal Justice Management Fund	Stormwater Fund	Sanitation Fund	Totals
OPERATING REVENUES					
Charges for services	$ 6,269,082	$ 560,578	$ 1,039,643	$ 729,233	$ 8,598,536
Tap fees	1,130	-	-	-	1,130
Other charges	239,643	-	-	79,740	319,383
Total operating revenues	6,509,855	560,578	1,039,643	808,973	8,919,049
OPERATING EXPENSES					
Water purchases	2,340,461	-	-	-	2,340,461
Purchased or contracted services	2,226,397	365,455	175,493	611,799	3,379,144
Depreciation expense	808,614	-	47,745	-	856,359
Total operating expenses	5,375,472	365,455	223,238	611,799	6,575,964
Operating income	1,134,383	195,123	816,405	197,174	2,343,085
NONOPERATING INCOME (EXPENSES)					
Interest income	18,698	-	-	-	18,698
Interest expense	(360,489)	-	-	-	(360,489)
Intergovernmental agreement	(1,543,382)	-	-	-	(1,543,382)
Total nonoperating expenses	(1,885,173)	-	-	-	(1,885,173)
Income (loss) before transfers	(750,790)	195,123	816,405	197,174	457,912
TRANSFERS					
Transfers out	(435,000)	-	(132,290)	(167,337)	(734,627)
Total transfers	(435,000)	-	(132,290)	(167,337)	(734,627)
Change in net position	(1,185,790)	195,123	684,115	29,837	(276,715)
NET POSITION, beginning of year	10,683,399	(19,369)	1,549,991	61,801	12,275,822
NET POSITION, end of year	$ 9,497,609	$ 175,754	$ 2,234,106	$ 91,638	$ 11,999,107

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Major Enterprise Fund	Nonmajor Enterprise Funds			
	Water and Sewerage Fund	Criminal Justice Management Fund	Stormwater Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 6,424,847	$ 838,633	$ 709,500	$ 804,459	$ 8,777,439
Payments to suppliers	(3,510,036)	(335,410)	(153,732)	(618,770)	(4,617,948)
Payments to employees	(846,506)	(40,077)	-	-	(886,583)
Net cash provided by operating activities	2,068,305	463,146	555,768	185,689	3,272,908
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments on intergovernmental agreement	(1,543,382)	-	-	-	(1,543,382)
Transfers	(435,000)	-	(132,290)	(167,337)	(734,627)
Net cash used in noncapital financing activities	(1,978,382)	-	(132,290)	(167,337)	(2,278,009)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(196,070)	-	-	-	(196,070)
Principal paid on bonds	(440,000)	-	-	-	(440,000)
Interest paid	(349,626)	-	-	-	(349,626)
Net cash used in capital and related financing activities	(985,696)	-	-	-	(985,696)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(18,242)	-	-	-	(18,242)
Interest and dividends received	18,698	-	-	-	18,698
Net cash provided by investing activities	456	-	-	-	456
Change in cash and cash equivalents	(895,317)	463,146	423,478	18,352	9,659
Cash and cash equivalents:					
Beginning of year	4,501,738	25,930	446,301	56,884	5,030,853
End of year	$ 3,606,421	$ 489,076	$ 869,779	$ 75,236	$ 5,040,512
Classified as:					
Cash and cash equivalents	$ 302,046	$ 489,076	869,779	$ 75,236	$ 1,736,137
Restricted assets, cash	3,304,375	-	-	-	3,304,375
	$ 3,606,421	$ 489,076	$ 869,779	$ 75,236	$ 5,040,512

(Continued)

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Major Enterprise Fund	Nonmajor Enterprise Funds			
	Water and Sewerage Fund	Criminal Justice Management Fund	Stormwater Fund	Sanitation Fund	Totals
Reconciliation of operating income to net cash provide by operating activities:					
Operating income	$ 1,134,383	$ 195,123	$ 816,405	$ 197,174	$ 2,343,085
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	808,614	-	47,745	-	856,359
Changes in assets and liabilities:					
Increase in accounts receivable	(85,008)	-	(330,143)	(4,514)	(419,665)
Decrease in due from component unit	-	74,500	-	-	74,500
Increase in inventory	(3,994)	-	-	-	(3,994)
Increase in prepaids	-	(23,981)	-	-	(23,981)
Increase (decrease) in accounts payable	110,477	13,789	21,761	(6,971)	139,056
Increase in accrued liabilities	13,202	160	-	-	13,362
Decrease in due to other funds	-	(93,287)	-	-	(93,287)
Increase in due to component unit	-	296,842	-	-	296,842
Increase in customer deposits	90,631	-	-	-	90,631
Net cash provided by operating activities	$ 2,068,305	$ 463,146	$ 555,768	$ 185,689	$ 3,272,908

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AUGUST 31, 2014

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 27,345
Total assets	$ 27,345
LIABILITIES	
Due to others	$ 27,345
Total liabilities	$ 27,345

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

Based upon criteria set forth by GASB Statement 14 and as amended by GASB Statement 39 and 61, the City was determined to have the following component unit as of August 31, 2014:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of* accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, however, grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental fund:

The ***General fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets and Budgetary Accounting

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

1. Budget requests are completed in April.

2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council at the annual retreat.

3. Public hearings on the proposed budget are held in May and June.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

4. The budget is legally adopted by the Mayor and City Council prior to August 31.

5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of $250,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.

6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.

7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

Georgia Fund 1 was created under OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value). The pool is regulated by the Georgia Office of the State Treasurer.

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

G. Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has retroactively reported major general infrastructure assets. In this case, the City chose to include all items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended August 31, 2014, there was no capitalized interest.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

K. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

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

L. Deferred Outflows/ Inflows of Resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City did not have any items that qualified for reporting in this category.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/ Inflows of Resources (Continued)

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

M. Inventories

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

N. Compensated Absences

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

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2014, there were no encumbrances outstanding.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or Comptroller to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

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

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

Q. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "certain liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	$ (11,980,000)
Plus: Premium on bond issuance (to be amortized over the life of the debt)	(105,521)
Capital leases	(459,164)
Claims payable	(27,446)
Compensated absences	(325,721)
Accrued interest	(203,193)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (13,101,045)

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

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

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

Capital outlay	$	696,975
Depreciation expense		(910,817)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(213,842)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Change in accrued interest	$	17,018
Change in claims payable		(21,153)
Change in compensated absences		(63,112)
Change in net pension obligation		(491,060)
Amortization of bond issuance premium		19,649
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(538,658)

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2014, are summarized as follows:

As reported in the Statement of Net Position	
Primary government	
Cash and cash equivalents	$ 8,688,309
Investments	407,746
Restricted Assets:	
Cash and cash equivalents	3,304,375
Investments	110,256
Agency Fund - Municipal Court	27,345
Component Unit - Cash and cash equivalents	24,133
	$ 12,562,164
Cash deposited with financial institutions	$ 12,044,162
Cash deposited with Georgia Fund 1	110,256
Investment in Mutual Funds	407,746
	$ 12,562,164

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2014, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's. At August 31, 2014, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years) Less than 1
Georgia Fund 1	$ 110,256	$ 110,256
Mutual Funds	407,746	407,746
Total	$ 518,002	$ 518,002

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2014, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

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

NOTE 4. RECEIVABLES

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

	General	Nonmajor Governmental	Water and Sewer	Nonmajor Enterprise	Total
Receivables:					
Taxes	$ 1,026,718	$ 41,750	$ -	$ -	$ 1,068,468
Accounts	-	11,704	1,594,398	794,265	2,400,367
Due from other governments	416,038	109,777	-	-	525,815
Gross receivables	1,442,756	163,231	1,594,398	794,265	3,994,650
Less allowance	(464,101)	-	(674,551)	(138,848)	(1,277,500)
Net receivables	$ 978,655	$ 163,231	$ 919,847	$ 655,417	$ 2,717,150

A. Property Taxes

Property taxes were levied on September 17, 2013 based upon property values assessed as of January 1. The billings were mailed on September 17, 2013 and were payable on or before November 17, 2013 after which the applicable property is subject to lien and penalties and interest are assessed. The City bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2014 and collected by October 31, 2014 are recognized as revenues in the year ended August 31, 2014. Net receivables estimated to be collected subsequent to October 31, 2014 are deferred as of August 31, 2014 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during fiscal year 2014 for the City's operations was 15.6 mills (mill equals $1 per thousand dollars of assessed value).

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended August 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 691,851	$ -	$ -	$ 691,851
Construction in progress	547,600	654,375	-	1,201,975
Total capital assets, not being depreciated	1,239,451	654,375	-	1,893,826
Capital assets, being depreciated:				
Buildings, grounds, and improvements	11,331,300	-	-	11,331,300
Machinery and equipment	1,125,285	-	-	1,125,285
Infrastructure	12,831,597	-	-	12,831,597
Vehicles	4,468,603	42,600	(69,005)	4,442,198
Total capital assets, being depreciated	29,756,785	42,600	(69,005)	29,730,380
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(4,294,721)	(279,537)	-	(4,574,258)
Machinery and equipment	(683,623)	(61,937)	-	(745,560)
Infrastructure	(6,639,963)	(322,637)	-	(6,962,600)
Vehicles	(2,994,561)	(246,706)	41,403	(3,199,864)
Total accumulated depreciation	(14,612,868)	(910,817)	41,403	(15,482,282)
Total capital assets, being depreciated, net	15,143,917	(868,217)	(27,602)	14,248,098
Governmental activities capital assets, net	$ 16,383,368	$ (213,842)	$ (27,602)	$ 16,141,924

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 493,194	$ -	$ -	$ 493,194
Total capital assets, not being depreciated	493,194	-	-	493,194
Capital assets, being depreciated:				
Distribution system	18,561,771	196,070	-	18,757,841
Machinery and equipment	154,477	-	-	154,477
Infrastructure	940,937	-	-	940,937
Wastewater treatment capacity	6,374,612	-	-	6,374,612
Vehicles	270,196	-	-	270,196
Total capital assets, being depreciated	26,301,993	196,070	-	26,498,063
Less accumulated depreciation for:				
Distribution system	(8,136,570)	(380,071)	-	(8,516,641)
Machinery and equipment	(154,477)	-	-	(154,477)
Infrastructure	(47,745)	(47,745)	-	(95,490)
Wastewater treatment capacity	(35,414)	(424,975)	-	(460,389)
Vehicles	(255,922)	(3,568)	-	(259,490)
Total accumulated depreciation	(8,630,128)	(856,359)	-	(9,486,487)
Total capital assets, being depreciated, net	17,671,865	(660,289)	-	17,011,576
Business-type activities capital assets, net	$ 18,165,059	$ (660,289)	$ -	$ 17,504,770

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

Governmental activities:	
General government	$ 23,992
Judicial	85,152
Public safety	353,749
Public works	329,463
Parks and recreation	118,461
Total depreciation expense - governmental activities	$ 910,817
Business-type activities:	
Water and Sewer	$ 808,614
Stormwater	47,745
Total depreciation expense - business-type activities	$ 856,359

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 286,986	$ -	$ -	$ 286,986
Total capital assets, not being depreciated	286,986	-	-	286,986
Capital assets, being depreciated:				
Buildings, grounds, and improvements	11,282,640	-	-	11,282,640
Furniture	286,079	-	-	286,079
Machinery and equipment	126,902	-	-	126,902
Infrastructure	11,733	-	-	11,733
Total capital assets, being depreciated	11,707,354	-	-	11,707,354
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(3,204,338)	(232,493)	-	(3,436,831)
Furniture	(187,400)	(14,304)	-	(201,704)
Machinery and equipment	(99,576)	(4,554)	-	(104,130)
Infrastructure	(10,164)	(782)	-	(10,946)
Total accumulated depreciation	(3,501,478)	(252,133)	-	(3,753,611)
Total capital assets, being depreciated, net	8,205,876	(252,133)	-	7,953,743
Capital assets, net	$ 8,492,862	$ (252,133)	$ -	$ 8,240,729

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds and certificates of participation to provide funds for the acquisition and construction of major capital facilities. These bonds are direct general obligations of the City and are payable from an ad valorem tax upon all property of the City. General obligation bonds have been issued for general government activities and are reported in the governmental column of the government-wide statements.

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

General obligation bonds outstanding at August 31, 2014, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2014
2006 General Obligation Bonds	$ 12,575,000	4.00% - 5.00%	$ 9,310,000
2010 General Obligation Bonds	1,755,000	2.00% - 3.00%	610,000
2010 Certificates of Participation	3,310,000	2.83% - 3.25%	2,060,000
	$ 17,640,000		$ 11,980,000

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2015	$ 1,225,000	$ 491,628	$ 1,716,628
2016	1,295,000	445,663	1,740,663
2017	1,060,000	400,063	1,460,063
2018	1,450,000	354,306	1,804,306
2019	690,000	312,200	1,002,200
2020-2024	4,180,000	1,059,775	5,239,775
2025-2026	2,080,000	144,663	2,224,663
	$ 11,980,000	$ 3,208,298	$ 15,188,298

B. Revenue Bonds

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

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

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

B. Revenue Bonds (Continued)

Revenue bonds outstanding at August 31, 2014, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2014
2012 Water and Sewerage Revenue Bonds	$ 11,275,000	2.0 - 4.0%	$ 10,400,000

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2015	$ 450,000	$ 340,825	$ 790,825
2016	460,000	331,825	791,825
2017	470,000	322,625	792,625
2018	480,000	310,875	790,875
2019	495,000	298,875	793,875
2020-2024	2,695,000	1,263,225	3,958,225
2025-2029	3,155,000	799,525	3,954,525
2030-2032	2,195,000	177,800	2,372,800
	$ 10,400,000	$ 3,845,575	$ 14,245,575

C. Capital Leases

During 2009, the City entered into a capital lease agreement with a local financial institution to finance the purchase of a new fire truck. Annual lease payments are due including interest at 3.53% in the amount of $101,790 through January 15, 2019. As of August 31, 2014, the City reflects total cost of leased assets of $854,000 and accumulated depreciation of $313,133. Total accumulated depreciation of leased assets under capital lease includes current year depreciation expense of $56,933.

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2014, were as follows:

Fiscal Year Ending August 31,	Governmental Activities
2015	$ 101,790
2016	101,790
2017	101,790
2018	101,790
2019	101,790
Total minimum lease payments	508,950
Less: amount representing interest	(49,786)
Present value of minimum lease payments	$ 459,164

Long-term liability activity for the year ended August 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 13,125,000	$ -	$ (1,145,000)	$ 11,980,000	$ 1,225,000
Plus: Premium	125,170	-	(19,649)	105,521	-
Total bonds payable	13,250,170	-	(1,164,649)	12,085,521	1,225,000
Note payable	38,464	-	(38,464)	-	-
Capital lease	1,048,497	-	(589,333)	459,164	85,580
Net pension obligation	899,031	491,060	-	1,390,091	-
Claims payable	6,293	27,446	(6,293)	27,446	27,446
Compensated absences	262,609	454,346	(391,234)	325,721	325,721
Governmental activity Long-term liabilities	$ 15,505,064	$ 972,852	$ (2,189,973)	$ 14,287,943	$ 1,663,747
Business-type activities:					
Revenue bonds	$ 10,840,000	$ -	$ (440,000)	$ 10,400,000	$ 450,000
Less: Discount	(146,515)	-	12,330	(134,185)	-
Total bonds payable	10,693,485	-	(427,670)	10,265,815	450,000
Compensated absences	24,983	39,472	(34,140)	30,315	30,315
Business-type activity Long-term liabilities	$ 10,718,468	$ 39,472	$ (461,810)	$ 10,296,130	$ 480,315

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Capital Leases (Continued)

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

D. Component Unit

In November 2012, the Authority issued Taxable Refunding Revenue Bonds, Series 2012 for the purposes of (1) refunding the Authority's previously issued Taxable Refunding Revenue Bonds, Series 2008, (2) paying certain operating costs of the jail owned by the Authority, and (3) paying the costs of issuing the 2012 Series Bonds. The Authority's revenue bonds outstanding at August 31, 2014, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2014
2012 South Fulton Municipal Jail Authority Refunding Revenue Bonds	$ 13,350,000	3.65%	$ 13,055,000

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2015	$ 300,000	$ 483,418	$ 783,418
2016	300,000	480,962	780,962
2017	305,000	477,230	782,230
2018	310,000	472,126	782,126
2019	315,000	465,877	780,877
2020-2024	2,930,000	2,117,032	5,047,032
2025-2029	3,840,000	1,484,800	5,324,800
2030-2034	4,755,000	566,312	5,321,312
	$ 13,055,000	$ 6,547,757	$ 19,602,757

Long-term liability activity for the Authority for the year ended August 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 13,350,000	$ -	$ (295,000)	$ 13,055,000	$ 300,000

NOTE 7. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Union City Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The City's Plan is a part of the Georgia Municipal Employees Benefit System (the "System"), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigns the City to establish and amend the plan to the City of Union City. Therefore, the benefit provisions and all other requirements are established and may be amended by City ordinance. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

The City's employee participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 18.01% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees.

At January 1, 2014, the date of the most recent actuarial valuation, there were 283 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	40
Vested terminated employees not yet receiving benefits	87
Active employees	156
Total	283

B. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the Plan are prepared using the accrual basis of accounting. The City's contributions are recognized as revenue in the period in which the contributions are due. Investment income is recognized by the Plan when earned.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

C. Funding Policy

The City is required to contribute all amounts necessary to fund the plan, using the actuarial basis specified by the City Council. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. Administrative costs of the Plan are financed through investment income.

D. Annual Pension Cost

For the year ended August 31, 2014, the City's annual pension cost was $1,433,107 for the City of Union City Retirement Plan. The recommended contribution of $1,372,942 was determined as part of the January 1, 2013, actuarial valuation using the project unit credit actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.75% per year, compounded annually and net of investment expenses, (b) projected salary increases of 3% for inflation and 0.5% for merit or seniority and (c) cost of living adjustments of 3%. The remaining amortization period varies for the bases, with a net effective amortization period of 10 years. The method used for amortizing the unfunded actuarially accrued liability is on a level dollar basis (closed amortization period).

The City's actuarially determined contribution, pension cost and increase in net pension obligation for the year ended August 31, 2014, is as follows:

Annual required contribution	$ 1,372,942
Interest on net pension obligation	17,981
Adjustments to annual required contribution	42,184
Annual pension cost	1,433,107
Contributions made	942,047
Increase in net pension obligation	491,060
Net pension obligation, beginning of year	899,031
Net pension obligation, end of year	$ 1,390,091

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Annual Pension Cost (Continued)

Fiscal Year Beginning	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
05/01/08	$ 933,066	100.0 %	$ -
05/01/09	1,143,956	76.3	152,865
05/01/10	1,103,505	100.0	152,865
09/01/11	1,407,113	71.4	554,836
09/01/12	1,371,887	74.9	899,031
09/01/13	1,433,107	65.7	1,390,091

As of the most recent valuation date, January 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2014	$ 11,753,238	$ 16,870,414	$ 5,117,176	69.7 %	$ 6,738,106	75.9 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. 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 long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2014.

NOTE 8. DEFINED CONTRIBUTION PLAN

The City offers its employees a defined contribution plan administered by Citistreet Associates created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to contribute an amount equal to 100% up to the first 2% an employee defers, 75% of the next 2%, and 50% of the next 6% deferred. Employers' contributions are fully vested after the participant completes three full years of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Pursuant to GASB Statement Number 32 of the *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements. Contributions are established and may be amended by the City Council. The City's contribution to the Plan approximated $217,478 and the employees' contributions approximated $575,410 for the year ended August 31, 2014.

NOTE 9. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures over Appropriations

The following debt service funds had actual expenditures in excess of appropriations for the year ended August 31, 2014:

2006 General Obligation Bond Fund- Interest	$	(100)
2010 Certificate of Participation Fund- Interest		(1,200)

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

B. Deficit Fund Balance

The following fund had a deficit fund balance at August 31, 2014:

2006 General Obligation Bond Fund	$	38

This deficit will be reduced in future years by reduced debt service expenditures.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2014, are as follows:

	Due From	
	Nonmajor Governmental	Total
Due To		
General Fund	$ 149,326	$ 149,326
Total	$ 149,326	$ 149,326

	Advances Due From	
	Water and Sewer Fund	Total
Advances Due To		
General Fund	$ 98,183	$ 98,183
Total	$ 98,183	$ 98,183

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

Interfund transfers for the year ended August 31, 2014, consisted of the following:

	Transfer to		
Transfer from	General	Nonmajor Governmental	Total
General Fund	$ -	$ 2,349,628	$ 2,349,628
Nonmajor Governmental	212,000	-	212,000
Water and Sewer Fund	435,000	-	435,000
Stormwater Fund	132,290	-	132,290
Nonmajor Enterprise	167,337	-	167,337
Total	$ 946,627	$ 2,349,628	$ 3,296,255

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

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2014, $254,916 of hotel/motel tax was collected. Of the total collected in the current and prior years, $14,242 was used for the promotion of tourism within the City. The remainder of the funds collected in current and prior years remains unspent at year end.

NOTE 12. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the Official Code of Georgia Annotated (OCGA) Section 48-13-93. The code section requires the City to spend the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc. and promoting the City and businesses therein. For the fiscal year ended August 31, 2014, $160,788 of excise tax was collected and $140,000 was used to pay for tourism outlays within the City.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay dues thereto. During its year ending August 31, 2014, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the OCGA, Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland St. NE, Atlanta, Georgia 30303.

NOTE 14. JOINTLY GOVERNED ORGANIZATION

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

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the year ended August 31, 2014, the City agreed to pay the Water and Sewer Authority $1,543,382 for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewer Fund.

As of December 31, 2013, the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using the synthetic interest rate of 3.81%:

Fiscal Year Ending December 31,	Total	Principal	Interest
2014	$ 2,121,178	$ 615,000	$ 1,506,178
2015	2,322,754	840,000	1,482,754
2016	2,340,760	890,000	1,450,760
2017	2,506,862	1,090,000	1,416,862
2018	2,615,347	1,240,000	1,375,347
2019 - 2023	14,141,799	8,075,000	6,066,799
2024 - 2028	15,232,480	10,920,000	4,312,480
2029 - 2033	17,329,284	15,395,000	1,934,284
	$ 58,610,464	$ 39,065,000	$ 19,545,464

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

NOTE 15. RELATED ORGANIZATION

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

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

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

NOTE 17. RISK MANAGEMENT

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

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

NOTE 17. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2005	$ 4,125,013	$ 6,166,286	$ 2,041,273	66.9 %	$ 5,293,469	38.6 %
7/1/2006	4,896,599	6,782,618	1,886,019	72.2	5,429,027	34.7
5/1/2007	5,593,109	7,719,700	2,126,591	72.5	6,103,166	34.8
5/1/2008	6,489,701	9,757,526	3,267,825	66.5	6,905,300	47.3
5/1/2009	5,222,920	10,188,701	4,965,781	51.3	7,051,938	70.4
1/1/2010	6,994,019	10,705,787	3,711,768	65.3	7,137,980	52.0
1/1/2011	8,267,336	13,685,922	5,418,586	60.4	8,256,816	65.6
1/1/2012	9,256,675	14,944,788	5,688,113	61.9	9,175,799	62.0
1/1/2013	10,470,013	16,151,159	5,681,146	64.8	8,854,303	64.2
1/1/2014	11,753,238	16,870,414	5,117,176	69.7	6,738,106	75.9

The assumptions used in the preparation of the above schedule are disclosed in Note 7 to the financial statements.

COMBINING STATEMENTS
AND SCHEDULES

CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

The **2006 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2006 General Obligation Bond Issue.

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

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

CITY OF UNION CITY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2014

	Special Revenue Funds						
ASSETS	**Federal Seized Funds Fund**	**Vehicle Rental Excise Tax Fund**	**Hotel / Motel Tax Fund**	**Emergency 911 Fund**	**Inmate Welfare Fund**	**Tax Allocation District Fund**	**Multiple Operating Grant Fund**
Cash and cash equivalents	$ 39,467	$ 18,889	$ 191,016	$ 110,409	$ 239,657	$ 55,820	$ 221,443
Taxes receivable	-	15,024	26,726	-	-	-	-
Accounts receivable	-	-	-	11,704	-	-	-
Due from other governments	-	-	-	-	-	-	95,225
Total assets	$ 39,467	$ 33,913	$ 217,742	$ 122,113	$ 239,657	$ 55,820	$ 316,668
LIABILITIES AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable	$ 7,377	$ -	$ -	$ 7,234	$ -	$ -	$ 38,261
Accrued expenses	-	-	-	13,258	-	-	-
Due to others	-	-	-	-	43,653	-	-
Due to other funds	-	-	-	-	100	-	119,226
Total liabilities	7,377	-	-	20,492	43,753	-	157,487
FUND BALANCES (DEFICIT)							
Restricted for:							
Law enforcement	32,090	-	-	101,621	-	-	159,181
Economic development	-	33,913	217,742	-	-	-	-
Other capital projects	-	-	-	-	-	55,820	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Public safety - jail	-	-	-	-	195,904	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	32,090	33,913	217,742	101,621	195,904	55,820	159,181
Total liabilities and fund balances	$ 39,467	$ 33,913	$ 217,742	$ 122,113	$ 239,657	$ 55,820	$ 316,668

Capital Projects Funds				Debt Service Funds			
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2006 General Obligation Bond	2010 General Obligation Bond	2010 Certificate of Participation	Totals
$ 244,788	$ 236,784	$ 336	$ 651,282	$ 65	$ 832	$ 350,778	$ 2,361,566
-	-	-	-	-	-	-	41,750
-	-	-	-	-	-	-	11,704
14,552	-	-	-	-	-	-	109,777
$ 259,340	$ 236,784	$ 336	$ 651,282	$ 65	$ 832	$ 350,778	$ 2,524,797
$ 190,475	$ -	$ -	$ -	$ 103	$ -	$ -	$ 243,450
-	-	-	-	-	-	-	13,258
-	-	-	-	-	-	-	43,653
-	-	-	-	-	-	30,000	149,326
190,475	-	-	-	103	-	30,000	449,687
-	-	-	-	-	-	-	292,892
-	-	-	-	-	-	-	251,655
68,865	236,784	336	651,282	-	-	-	1,013,087
-	-	-	-	(38)	832	320,778	321,572
-	-	-	-	-	-	-	195,904
-	-	-	-	-	-	-	-
68,865	236,784	336	651,282	(38)	832	320,778	2,075,110
$ 259,340	$ 236,784	$ 336	$ 651,282	$ 65	$ 832	$ 350,778	$ 2,524,797

(Concluded)

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Special Revenue Funds						
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel / Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
Revenues:							
Other taxes	$ -	$ 160,788	$ 254,916	$ -	$ -	$ -	$ -
Charges for services	-	-	-	300,056	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	334,999
Interest revenue	25	-	-	-	-	-	172
Other revenues	14,504	-	-	-	-	-	-
Total revenues	14,529	160,788	254,916	300,056	-	-	335,171
Expenditures:							
Current							
Public safety	11,863	-	-	552,231	-	-	178,959
Public works	-	-	-	-	-	-	101,636
Economic development	-	-	14,242	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	11,863	-	14,242	552,231	-	-	280,595
Excess (deficiency) of revenues over (under) expenditures	2,666	160,788	240,674	(252,175)	-	-	54,576
Other financing sources (uses)							
Transfers in	-	-	-	339,392	-	-	-
Transfers out	-	(140,000)	(72,000)	-	-	-	-
Total other financing sources (uses)	-	(140,000)	(72,000)	339,392	-	-	-
Net change in fund balances	2,666	20,788	168,674	87,217	-	-	54,576
Fund balances, beginning of year	29,424	13,125	49,068	14,404	195,904	55,820	104,605
Fund balances, end of year	$ 32,090	$ 33,913	$ 217,742	$ 101,621	$ 195,904	$ 55,820	$ 159,181

Capital Projects Funds				Debt Service Funds			
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2006 General Obligation Bond	2010 General Obligation Bond	2010 Certificate of Participation	Totals
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 415,704
-	-	-	-	-	-	-	300,056
9,372	-	57,255	-	-	-	-	401,626
-	-	-	-	-	-	103	300
-	-	-	-	-	-	-	14,504
9,372	-	57,255	-	-	-	103	1,132,190
-	-	-	-	-	-	-	743,053
-	-	-	-	-	-	-	101,636
-	-	-	-	-	-	-	14,242
220,570	23,491	65,573	198,033	-	-	-	507,667
-	-	-	38,464	505,000	290,000	350,000	1,183,464
-	-	-	232	448,750	21,014	67,894	537,890
220,570	23,491	65,573	236,729	953,750	311,014	417,894	3,087,952
(211,198)	(23,491)	(8,318)	(236,729)	(953,750)	(311,014)	(417,791)	(1,955,762)
317,655	-	8,318	-	953,350	311,219	419,694	2,349,628
-	-	-	-	-	-	-	(212,000)
317,655	-	8,318	-	953,350	311,219	419,694	2,137,628
106,457	(23,491)	-	(236,729)	(400)	205	1,903	181,866
(37,592)	260,275	336	888,011	362	627	318,875	1,893,244
$ 68,865	$ 236,784	$ 336	$ 651,282	$ (38)	$ 832	$ 320,778	$ 2,075,110

(Concluded)

CITY OF UNION CITY, GEORGIA
FEDERAL SEIZED FUNDS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest	$ -	$ -	$ 25	$ 25
Other revenues	-	-	14,504	14,504
Total revenues	-	-	14,529	14,529
EXPENDITURES				
Public safety	17,300	17,300	11,863	5,437
Total expenditures	17,300	17,300	11,863	5,437
Net change in fund balance	(17,300)	(17,300)	2,666	19,966
FUND BALANCES, beginning of year	29,424	29,424	29,424	-
FUND BALANCES, end of year	$ 12,124	$ 12,124	$ 32,090	$ 19,966

CITY OF UNION CITY, GEORGIA
VEHICLE RENTAL EXCISE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Other taxes	$ 140,000	$ 140,000	$ 160,788	$ 20,788
Other financing uses				
Transfers out	(140,000)	(140,000)	(140,000)	-
Total other financing uses	(140,000)	(140,000)	(140,000)	-
Net change in fund balance	-	-	20,788	20,788
FUND BALANCES, beginning of year	13,125	13,125	13,125	-
FUND BALANCES, end of year	$ 13,125	$ 13,125	$ 33,913	$ 20,788

CITY OF UNION CITY, GEORGIA
HOTEL / MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Other taxes	$ 170,000	$ 170,000	$ 254,916	$ 84,916
EXPENDITURES				
Economic development	168,729	168,729	14,242	154,487
Total expenditures	168,729	168,729	14,242	154,487
Excess of revenues over expenditures	1,271	1,271	240,674	239,403
Other financing uses				
Transfers out	(68,000)	(68,000)	(72,000)	(4,000)
Total other financing uses	(68,000)	(68,000)	(72,000)	(4,000)
Net change in fund balance	(66,729)	(66,729)	168,674	235,403
FUND BALANCES, beginning of year	49,068	49,068	49,068	-
FUND BALANCES, end of year	$ (17,661)	$ (17,661)	$ 217,742	$ 235,403

CITY OF UNION CITY, GEORGIA
EMERGENCY 911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	$ 244,500	$ 244,500	$ 300,056	$ 55,556
Total revenues	244,500	244,500	300,056	55,556
EXPENDITURES				
Public safety	583,892	583,892	552,231	31,661
Total expenditures	583,892	583,892	552,231	31,661
Deficiency of revenues under expenditures	(339,392)	(339,392)	(252,175)	87,217
Other financing sources				
Transfers in	339,392	339,392	339,392	-
Total other financing sources	339,392	339,392	339,392	-
Net change in fund balance	-	-	87,217	87,217
FUND BALANCES, beginning of year	14,404	14,404	14,404	-
FUND BALANCES, end of year	$ 14,404	$ 14,404	$ 101,621	$ 87,217

CITY OF UNION CITY, GEORGIA
INMATE WELFARE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest	$ -	$ -	$ -	$ -
Other revenues	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	195,904	195,904	195,904	-
FUND BALANCES, end of year	$ 195,904	$ 195,904	$ 195,904	$ -

CITY OF UNION CITY, GEORGIA
TAX ALLOCATION DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Economic development	108,671	108,671	-	108,671
Total expenditures	108,671	108,671	-	108,671
Other financing sources				
Transfers in	108,671	108,671	-	(108,671)
Total other financing sources	108,671	108,671	-	(108,671)
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	55,820	55,820	55,820	-
FUND BALANCES, end of year	$ 55,820	$ 55,820	$ 55,820	$ -

CITY OF UNION CITY, GEORGIA
MULTIPLE OPERATING GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental revenue	$ 483,332	$ 483,332	$ 334,999	$ (148,333)
Interest revenue	-	-	172	172
Total revenues	483,332	483,332	335,171	(148,161)
EXPENDITURES				
Public safety	586,457	586,457	178,959	407,498
Total expenditures	586,457	586,457	178,959	407,498
Excess (deficiency) of revenues over expenditures	(103,125)	(103,125)	156,212	259,337
Other financing sources:				
Transfers in	25,710	25,710	-	(25,710)
Total other financing sources	25,710	25,710	-	(25,710)
Net change in fund balance	(77,415)	(77,415)	156,212	233,627
FUND BALANCES, beginning of year	104,605	104,605	104,605	-
FUND BALANCES, end of year	$ 27,190	$ 27,190	$ 260,817	$ 233,627

CITY OF UNION CITY, GEORGIA
2006 GENERAL OBLIGATION BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Debt service				
Principal	$ 505,000	$ 505,000	$ 505,000	$ -
Interest	448,650	448,650	448,750	(100)
Total expenditures	953,650	953,650	953,750	(100)
Deficiency of revenues under expenditures	(953,650)	(953,650)	(953,750)	(100)
Other financing sources				
Transfers in	953,650	953,650	953,350	(300)
Total other financing sources	953,650	953,650	953,350	(300)
Net change in fund balance	-	-	(400)	(400)
FUND BALANCES, beginning of year	362	362	362	-
FUND BALANCES (DEFICIT), end of year	$ 362	$ 362	$ (38)	$ (400)

CITY OF UNION CITY, GEORGIA
2010 GENERAL OBLIGATION BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
Debt service				
Principal	$ 290,000	$ 290,000	$ 290,000	$ -
Interest	21,219	21,219	21,014	205
Total expenditures	311,219	311,219	311,014	205
Deficiency of revenues under expenditures	(311,219)	(311,219)	(311,014)	205
Other financing sources				
Transfers in	311,219	311,219	311,219	-
Total other financing sources	311,219	311,219	311,219	-
Net change in fund balance	-	-	205	205
FUND BALANCES, beginning of year	627	627	627	-
FUND BALANCES, end of year	$ 627	$ 627	$ 832	$ 205

CITY OF UNION CITY, GEORGIA
2010 CERTIFICATE OF PARTICIPATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Interest revenues	$ -	$ -	$ 103	$ 103
Total revenues	-	-	103	103
EXPENDITURES				
Debt service				
Principal	350,000	350,000	350,000	-
Interest	66,694	66,694	67,894	(1,200)
Total expenditures	416,694	416,694	417,894	(1,200)
Deficiency of revenues under expenditures	(416,694)	(416,694)	(417,791)	(1,097)
Other financing sources				
Transfers in	416,694	416,694	419,694	3,000
Total other financing sources	416,694	416,694	419,694	3,000
Net change in fund balance	-	-	1,903	1,903
FUND BALANCES, beginning of year	318,875	318,875	318,875	-
FUND BALANCES, end of year	$ 318,875	$ 318,875	$ 320,778	$ 1,903

CITY OF UNION CITY, GEORGIA
FIDUCIARY FUND

AGENCY FUND

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

	Balance September 1, 2013	Additions	Deletions	Balance August 31, 2014
MUNICIPAL COURT FUND				
ASSETS:				
Cash and cash equivalents	$ 45,201	$ 1,454,975	$ 1,472,831	$ 27,345
Total assets	45,201	1,454,975	1,472,831	27,345
LIABILITIES:				
Due to others	45,201	1,454,975	1,472,831	27,345
Total liabilities	$ 45,201	$ 1,454,975	$ 1,472,831	$ 27,345

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

COMPONENT UNIT

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	528,747
Refunds of prepaid expenditures		30,798
Net cash provided by operating activities		559,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds		(295,000)
Interest paid		(489,653)
Net cash used in capital and related financing activities		(784,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received		102
Net cash provided by investing activities		102
Change in cash and cash equivalents		(225,006)
Cash and cash equivalents:		
Beginning of year		249,139
End of year	$	24,133
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	524,846
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense		252,133
Changes in assets and liabilities:		
Decrease in accounts receivable		45,145
Decrease in due from primary government		(296,842)
Decrease in prepaids		33,699
Increase in accounts payable		564
Net cash provided by operating activities	$	559,545

STATISTICAL SECTION

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

Contents **Page**

Financial Trends ..... **74 - 79**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity ..... **80 - 84**

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **85 - 88**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information ..... **89 and 90**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information ..... **91 - 93**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASB 34 in 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

CITY OF UNION CITY, GEORGIA

NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005 [1]	2006 [2]	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 5,721,972	$ 9,183,450	$ 8,494,912	$ 7,689,065	$ 5,125,892	$ 4,350,167	$ 2,298,610	$ 2,363,313	$ 2,046,237	$ 3,597,239
Restricted	1,842,040	12,435,193	10,858,756	9,279,559	6,867,079	4,645,673	857,484	1,478,182	1,734,932	1,879,206
Unrestricted	5,854,008	(3,591,480)	(774,996)	792,593	2,179,160	2,692,528	3,697,905	1,603,503	(102,458)	1,903,353
Total governmental activities net position	$ 13,418,020	$ 18,027,163	$ 18,578,672	$ 17,761,217	$ 14,172,131	$ 11,688,368	$ 6,853,999	$ 5,444,998	$ 3,678,711	$ 7,379,798
Business-type activities										
Net investment in capital assets	$ 5,100,696	$ 7,554,749	$ 7,532,452	$ 7,440,803	$ 7,463,759	$ 12,298,174	$ 11,905,504	$ 9,993,975	$ 10,385,111	$ 8,901,118
Restricted	1,146,085	3,433,373	4,243,140	3,033,885	2,455,231	-	-	-	925,910	2,059,130
Unrestricted	4,799,482	7,389,390	6,251,143	5,473,100	5,180,074	255,748	(532,061)	824,012	964,801	1,038,859
Total business-type activities net position	$ 11,046,263	$ 18,377,512	$ 18,026,735	$ 15,947,788	$ 15,099,064	$ 12,553,922	$ 11,373,443	$ 10,817,987	$ 12,275,822	$ 11,999,107
Primary government										
Net investment in capital assets	$ 10,822,668	$ 16,738,199	$ 16,027,364	$ 15,129,868	$ 12,589,651	$ 16,648,341	$ 14,204,114	$ 12,357,288	$ 12,431,348	$ 12,498,357
Restricted	2,988,125	15,868,566	15,101,896	12,313,444	9,322,310	4,645,673	857,484	1,478,182	2,660,842	3,938,336
Unrestricted	10,653,490	3,797,910	5,476,147	6,265,693	7,359,234	2,948,276	3,165,844	2,427,515	862,343	2,942,212
Total primary government net position	$ 24,464,283	$ 36,404,675	$ 36,605,407	$ 33,709,005	$ 29,271,195	$ 24,242,290	$ 18,227,442	$ 16,262,985	$ 15,954,533	$ 19,378,905

[1] As originally reported (not adjusted for the prior period adjustments made in 2006)

[2] During the 2006 fiscal year, the City fully adopted GASB 34 and capitalized all of the City's infrastructure added in prior years.

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005 [1]	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Primary government:										
Governmental activities:										
General government	$ 1,486,998	$ 1,586,286	$ 1,896,652	$ 2,165,072	$ 2,009,015	$ 2,490,131	$ 2,197,152	$ 2,211,266	$ 2,470,084	$ 2,054,613
Judicial	478,390	279,394	395,447	451,217	421,864	426,544	467,691	468,800	452,295	436,347
Public safety	5,325,722	6,573,796	8,113,227	9,213,893	9,373,021	9,806,401	10,127,843	10,193,857	9,865,376	9,590,617
Public works	1,228,562	2,149,122	2,631,811	3,691,120	5,679,502	3,034,056	4,906,720	2,818,491	1,766,343	1,611,785
Community services	47,716	299,189	353,510	282,661	107,786	-	-	-	-	-
Parks and recreation	-	-	-	164,471	207,907	330,248	443,054	447,059	495,841	523,992
Economic development	567,832	548,170	635,796	578,176	551,982	932,850	643,677	815,159	832,622	751,348
Interest on long-term debt	418,919	539,374	892,492	902,731	875,728	839,703	665,503	666,233	591,502	531,627
Total governmental activities expenses	9,554,139	11,975,331	14,918,935	17,449,341	19,226,805	17,859,933	19,451,640	17,620,865	16,474,063	15,500,329
Business-type activities:										
Water and sewerage	3,395,733	4,112,854	4,540,370	5,152,911	5,954,684	6,551,474	5,961,017	6,651,946	6,690,719	7,279,343
Sanitation	924,116	963,011	1,222,409	1,148,749	1,191,681	700,470	677,006	763,164	736,123	611,799
Stormwater	-	-	-	-	-	-	-	-	55,470	223,238
Criminal justice management	3,711,314	4,019,486	3,737,236	3,791,596	3,813,337	3,568,864	2,889,058	3,387,775	2,372,405	365,455
Total business-type activities expenses	8,031,163	9,095,351	9,500,015	10,093,256	10,959,702	10,820,808	9,527,081	10,802,885	9,854,717	8,479,835
Total primary government expenses	17,585,302	21,070,682	24,418,950	27,542,597	30,186,507	28,680,741	28,978,721	28,423,750	26,328,780	23,980,164
Program revenues:										
Primary government:										
Governmental activities:										
Charges for services										
General government	2,108,715	1,562,344	1,766,705	1,897,836	1,548,023	1,714,518	1,472,105	1,479,642	1,745,430	1,894,426
Judicial	-	-	115,294	87,276	155,137	158,576	128,438	137,908	130,030	77,926
Public safety	2,160,122	1,768,112	1,965,852	1,934,062	1,929,612	2,009,280	1,856,768	1,757,157	1,413,518	1,224,270
Public works	-	10,580	1,535	-	-	-	-	-	-	-
Community services	7,233	11,912	17,898	6,441	1,880	-	-	-	-	-
Parks and recreation	-	-	-	-	-	10,053	58,992	69,132	66,116	59,616
Economic development	-	25,101	21,090	19,980	8,924	8,917	9,585	6,425	8,790	29,430
Operating grants and contributions	381,376	489,296	677,817	658,445	1,449,588	533,300	495,636	778,084	501,184	237,834
Capital grants and contributions	282,940	-	-	-	110,000	50,000	98,986	461,879	270,551	213,471
Total governmental activities program revenues	$ 4,940,386	$ 3,867,345	$ 4,566,191	$ 4,604,040	$ 5,203,164	$ 4,484,644	$ 4,120,510	$ 4,690,227	$ 4,135,619	$ 3,736,973

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005 [1]	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services	$ 8,983,030	$ 10,332,602	$ 9,736,147	$ 8,800,053	$ 9,961,600	$ 8,242,375	$ 8,750,735	$ 10,664,099	$ 9,733,232	$ 8,919,049
Total business-type activities program revenues	8,983,030	10,332,602	9,736,147	8,800,053	9,961,600	8,242,375	8,750,735	10,664,099	9,733,232	8,919,049
Total primary government program revenues	13,923,416	14,199,947	14,302,338	13,404,093	15,164,764	12,727,019	12,871,245	15,354,326	13,868,851	12,656,022
Net (expense)/ revenue										
Governmental activities	(4,613,753)	(8,107,986)	(10,352,744)	(12,845,301)	(14,023,641)	(13,375,289)	(15,331,130)	(12,930,638)	(12,338,444)	(11,763,356)
Business-type activities	951,867	1,237,251	236,132	(1,293,203)	(998,102)	(2,578,433)	(776,346)	(138,786)	1,574,609	439,214
Total primary government net expense	(3,661,886)	(6,870,735)	(10,116,612)	(14,138,504)	(15,021,743)	(15,953,722)	(16,107,476)	(13,069,424)	(10,763,835)	(11,324,142)
General revenues and other changes in net position:										
Primary government:										
Governmental activities										
Property taxes	2,296,501	2,774,299	3,997,330	5,464,985	5,667,102	5,891,035	5,314,492	5,608,053	5,619,122	7,582,758
Sales taxes	2,635,527	3,003,672	3,096,471	3,065,531	2,628,353	2,825,733	2,753,242	3,010,345	3,015,388	4,506,448
Insurance premium tax	-	582,020	608,939	635,191	650,407	644,340	625,579	912,568	969,300	1,003,618
Alcoholic beverage taxes	168,449	9,141	33,807	10,595	4,117	4,860	11,754	17,208	19,393	21,659
Other taxes	608,192	751,546	283,902	305,218	323,516	275,659	229,639	311,868	341,579	415,704
Franchise taxes	431,830	341,985	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078
Unrestricted investment earnings	194,878	358,492	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551
Transfers	(100,952)	545,981	857,539	1,000,000	-	-	426,000	439,000	(157,492)	734,627
Total governmental activities general revenues and other changes in net position	6,234,425	8,367,136	10,904,253	12,027,846	10,434,555	10,891,526	10,496,761	11,521,637	10,971,762	15,464,443
Business-type activities										
Unrestricted investment earnings	147,676	229,661	270,630	214,256	149,378	33,291	21,867	22,330	5,320	18,698
Transfers	100,952	(545,981)	(857,539)	(1,000,000)	-	-	(426,000)	(439,000)	157,492	(734,627)
Total business-type activities general revenues and other changes in net position	$ 248,628	$ (316,320)	$ (586,909)	$ (785,744)	$ 149,378	$ 33,291	$ (404,133)	$ (416,670)	$ 162,812	$ (715,929)

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005 [1]	2006	2007	2008	2009	2010	2011	2012	2013	2014
Change in Net Position										
Governmental activities	$ 1,620,672	$ 259,150	$ 551,509	$ (817,455)	$ (3,589,086)	$ (2,483,763)	$ (4,834,369)	$ (1,409,001)	$ (1,366,682)	$ 3,701,087
Business-type activities	1,200,495	920,931	(350,777)	(2,078,947)	(848,724)	(2,545,142)	(1,180,479)	(555,456)	1,737,421	(276,715)
Total primary government change in net position	$ 2,821,167	$ 1,180,081	$ 200,732	$ (2,896,402)	$ (4,437,810)	$ (5,028,905)	$ (6,014,848)	$ (1,964,457)	$ 370,739	$ 3,424,372

[1] As originally reported (not adjusted for the prior period adjustments made in 2006)

CITY OF UNION CITY, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006[1]	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ -	$ 208,443	$ 536,391	$ 400,724	$ 284,974	$ 1,753,827	$ -	$ -	$ -	$ -
Unreserved	6,623,261	6,895,673	7,389,748	8,151,735	7,146,163	4,050,270	-	-	-	-
Nonspendable	-	-	-	-	-	-	3,340,966	1,069,319	294,883	299,762
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	366,464	779,072	659,313	2,913,410
Total general fund	$ 6,623,261	$ 7,104,116	$ 7,926,139	$ 8,552,459	$ 7,431,137	$ 5,804,097	$ 3,707,430	$ 1,848,391	$ 954,196	$ 3,213,172
All Other Governmental Funds										
Reserved	$ 1,842,040	$ 12,435,193	$ 10,858,756	$ 9,279,559	$ 6,867,079	$ 4,302,707	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	380,022	431,292	699,296	1,026,311	1,304,291	996,461	-	-	-	-
Capital projects funds	253,263	250,133	167,464	(7,697)	(7,344)	20,259	-	-	-	-
Debt service funds	-	1,556,705	1,604,255	860,914	859,846	345,518	-	-	-	-
Nonspendable, reported in:										
Special revenue funds	-	-	-	-	-	-	-	12,604	-	-
Capital projects funds	-	-	-	-	-	-	-	6,250	-	-
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	-	510,589	326,324	266,446	600,367
Capital projects funds	-	-	-	-	-	-	2,350,414	1,974,957	1,148,622	957,267
Debt service funds	-	-	-	-	-	-	346,559	341,615	319,864	321,572
Assigned, reported in:										
Special revenue funds	-	-	-	-	-	-	239,065	219,307	195,904	195,904
Capital projects funds	-	-	-	-	-	-	-			
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	(37,592)	-
Total all other governmental funds	$ 2,475,325	$ 14,673,323	$ 13,329,771	$ 11,159,087	$ 9,023,872	$ 5,664,945	$ 3,446,627	$ 2,881,057	$ 1,893,244	$ 2,075,110

[1] During 2006, the City issued the 2006 General Obligation Bonds in the approximate amount of $12.6 million.

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	$ 2,296,501	$ 2,679,343	$ 4,028,313	$ 5,409,449	$ 5,604,176	$ 5,543,663	$ 5,673,239	$ 5,571,360	$ 5,650,963	$ 7,315,208
Other taxes	3,137,231	3,936,818	4,023,119	4,016,535	3,565,186	3,750,593	3,664,155	4,251,989	4,345,660	5,947,429
Charges for services	282,780	358,042	529,957	441,496	475,609	509,548	548,195	479,612	471,330	506,748
Licenses and permits	2,058,269	1,443,840	1,416,196	1,734,041	1,476,682	1,647,128	1,377,168	1,439,821	1,632,620	1,778,056
Intergovernmental	664,316	155,765	259,736	209,286	216,189	168,100	223,481	873,332	759,641	436,801
Franchise taxes	608,192	751,546	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078
Fines and forfeitures	1,935,021	1,219,982	1,404,991	1,414,294	1,497,840	1,589,500	1,484,361	1,404,660	1,134,879	890,810
Interest revenue	194,878	358,492	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551
Rental income	-	26,760	20,145	18,623	13,500	12,609	13,030	13,785	20,425	18,870
Other revenues	79,709	662,956	935,166	786,300	1,523,344	557,758	474,275	479,017	116,724	105,688
Total revenues	$ 11,256,897	$ 11,593,544	$ 14,643,888	$ 15,576,350	$ 15,533,586	$ 15,028,798	$ 14,593,959	$ 15,736,171	$ 15,296,714	$ 18,199,239
Expenditures										
Current:										
General government	$ 1,403,847	$ 1,485,504	$ 1,870,450	$ 2,144,343	$ 1,973,574	$ 2,573,528	$ 2,174,146	$ 2,137,715	$ 2,050,824	$ 1,927,849
Judicial	418,229	192,793	311,021	365,858	330,968	342,954	384,047	377,543	360,126	341,796
Public safety	4,988,871	6,461,748	8,077,135	9,090,607	8,791,779	9,625,312	9,703,075	9,673,917	9,224,427	8,825,056
Public works	931,934	1,396,753	1,732,434	2,202,933	1,723,615	1,713,341	1,727,828	1,574,058	1,390,823	1,423,334
Community services	30,011	203,505	268,184	282,233	107,712	-	-	-	-	-
Parks and recreation	-	-	-	93,949	118,604	245,778	376,373	338,913	368,894	374,883
Economic development	560,355	548,170	633,975	574,168	547,596	932,850	643,677	796,900	817,605	751,348
Capital outlay	1,154,661	403,192	1,646,088	1,711,421	4,365,198	2,533,517	4,083,991	1,576,565	1,393,579	507,667
Debt service:										
Principal	365,000	800,000	685,000	750,000	815,000	6,180,687	1,079,492	1,623,662	1,728,241	1,772,797
Interest	418,920	721,897	798,669	905,202	870,077	856,817	662,315	660,550	617,203	568,294
Bond issuance costs	-	-	-	-	-	176,033	-	-	-	-
Total expenditures	10,271,828	12,213,562	16,022,956	18,120,714	19,644,123	25,180,817	20,834,944	18,759,823	17,951,722	16,493,024
Excess (deficiency) of revenues over (under) expenditures	985,069	(620,018)	(1,379,068)	(2,544,364)	(4,110,537)	(10,152,019)	(6,240,985)	(3,023,652)	(2,655,008)	1,706,215

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Bond issuance	$ -	$ 12,575,000	$ -	$ -	$ -	$ 5,065,000	$ -	$ -	$ -	$ -
Premium on bonds	-	68,794	-	-	-	101,052	-	-	-	-
Capital lease	-	-	-	-	854,000	-	1,500,000	160,043	-	-
Transfers in	1,358,336	1,422,251	3,423,097	3,799,426	1,842,574	6,406,225	2,656,524	2,954,516	3,174,200	3,296,255
Transfers out	(1,459,288)	(876,270)	(2,565,558)	(2,799,426)	(1,842,574)	(6,406,225)	(2,230,524)	(2,515,516)	(2,401,200)	(2,561,628)
Total other financing sources (uses)	(100,952)	13,189,775	857,539	1,000,000	854,000	5,166,052	1,926,000	599,043	773,000	734,627
Net change in fund balances	$ 884,117	$ 12,569,757	$ (521,529)	$ (1,544,364)	$ (3,256,537)	$ (4,985,967)	$ (4,314,985)	$ (2,424,609)	$ (1,882,008)	$ 2,440,842
Debt service as a percentage of noncapital expenditures	8.5%	12.6%	10.2%	9.7%	9.0%	30.1%	8.9%	12.9%	13.9%	14.8%

Information prior to 2005 was not readily available.

CITY OF UNION CITY, GEORGIA

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

Tax Year	Real Property		Personal Property		Privately Owned Public Utilities	Total Property		Total Direct Tax Rate	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property (1)	Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2005	270,471,183	N/A	49,282,592	-	3,729,731	323,483,506	808,708,766	7.50	40%
2006	193,849,900	185,308,550	26,629,374	19,879,560	4,082,787	429,750,171	1,074,375,428	9.50	40%
2007	249,023,200	272,065,280	30,956,210	23,311,420	4,923,367	580,279,477	1,450,698,693	9.50	40%
2008	265,518,110	271,062,580	35,067,121	26,254,620	5,107,421	603,009,852	1,507,524,630	9.50	40%
2009	253,414,770	282,392,890	30,541,970	27,390,550	5,570,295	599,310,475	1,498,276,188	9.50	40%
2010	219,058,430	260,266,010	24,496,587	27,643,090	5,516,443	536,980,560	1,342,451,400	9.50	40%
2011	173,847,240	261,796,790	55,138,458	25,604,340	5,532,947	521,919,775	1,304,799,438	10.24	40%
2012	239,032,283	212,541,870	50,036,827	26,687,160	6,754,886	535,053,026	1,337,632,565	10.60	40%
2013	220,230,269	202,201,910	37,947,433	27,653,800	6,905,395	494,938,807	1,237,347,018	15.60	40%
2014	230,578,430	197,923,440	29,682,537	21,982,160	7,116,549	487,283,116	1,218,207,790	15.69	40%

Source: Fulton County Tax Assessor

(1) The assessed values for commercial property for fiscal years 2004 to 2005 are included with the residential property.

(2) Fiscal year 2005 includes the motor vehicle personal property assessed values.

(3) Information not available for fiscal year 2005; this value is included in the Personal Property figure.

CITY OF UNION CITY, GEORGIA

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

Tax Digest Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Millage Rates
	City of Union City						
	Operating Millage	Debt Service	Total	State of Georgia	Fulton County	County School System	
2005	4.500	3.000	7.500	0.25	16.38	18.11	42.24
2006	4.500	5.000	9.500	0.25	21.81	18.11	49.67
2007	4.500	5.000	9.500	0.25	20.55	18.09	48.39
2008	4.500	5.000	9.500	0.25	10.28	17.50	37.53
2009	7.508	1.992	9.500	0.25	10.28	17.50	37.53
2010	7.650	1.850	9.500	0.25	10.28	18.50	38.53
2011	8.165	2.073	10.238	0.25	10.55	18.50	39.54
2012	8.331	2.268	10.599	0.20	10.55	18.50	39.85
2013	13.178	2.420	15.598	0.15	10.48	18.50	44.73
2014	13.122	2.570	15.692	0.15	11.781	18.50	46.12

CITY OF UNION CITY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2005	2,393,844	1,968,188	82.22%	405,430	2,373,618	99.16%	20,226
2006	3,475,621	2,783,294	80.08%	671,714	3,455,008	99.41%	20,613
2007	5,081,813	4,065,772	80.01%	990,828	5,056,600	99.50%	25,213
2008	5,059,894	4,877,918	96.40%	165,637	5,043,555	99.68%	16,339
2009	5,369,912	5,048,824	94.02%	290,978	5,339,802	99.44%	30,110
2010	5,316,893	4,803,669	90.35%	436,356	5,240,025	98.55%	76,868
2011	4,759,160	4,533,053	95.25%	183,769	4,716,822	99.11%	42,338
2012	5,102,178	4,797,313	94.02%	115,423	4,912,736	96.29%	189,442
2013	5,351,680	5,235,029	97.82%	9,762	5,244,791	98.00%	116,651
2014	6,989,117	6,503,551	93.05%	-	6,503,551	93.05%	485,566

CITY OF UNION CITY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND EIGHT YEARS AGO

	2014			2006		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Development Authority of Fulton County	$ 54,371,901	1	11.16%			
Wal Mart Stores	9,523,268	2	1.95%			
Pancal Goodson 5 LLC	8,667,360	3	1.78%			
Costco Wholesale Corporation	7,572,120	4	1.55%			
AEW LT Hunter Road LLC	7,078,320	5	1.45%			
South Fulton Parkway LLC	7,015,884	6	1.44%			
Northwestern Mutual Life Insurance	6,961,640	7	1.43%			
General Electric Credit Equities	6,835,226	8	1.40%			
GE Energy Parts, Inc.	6,783,280	9	1.39%			
Wyndsor Forest Apartments LLC	6,753,520	10	1.39%			
C. F. South Park LP				$ 7,523,990	1	1.75%
Wyndsor Forest Apartments LLC				6,098,480	2	1.42%
BRA Ltd. (Shannon Lake Apartments)				5,286,800	3	1.23%
Claborn DL				4,600,510	4	1.07%
Shannon Creste Apartments				4,201,280	5	0.98%
Summner Glen Associates				2,471,400	6	0.58%
Mid America Capital Partners				3,600,000	7	0.84%
WDOP Sub 1 LP				2,863,600	8	0.67%
Hidden Lake Ltd.				2,558,600	9	0.60%
Germania Property Investor				2,553,040	10	0.59%
	$ 121,562,519		24.95%	$ 41,757,700		9.72%

Note: Information for 2005 not readily available.

CITY OF UNION CITY, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Value of Taxable Property	Per Capita	Business-Type Activities	Total Primary Government	Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Lease	Notes Payable			Water Revenue Bonds				
2005	3,015,000	4,705,000	-	-	0.95%	468.56	6,645,000	14,365,000	1.78%	4.52%	871.87
2006	15,385,000	4,110,000	-	-	1.81%	1,083.12	6,270,000	25,765,000	2.40%	7.41%	1,431.47
2007	14,845,000	3,965,000	-	-	1.30%	1,009.34	5,880,000	24,690,000	1.70%	6.86%	1,324.86
2008	14,275,000	3,785,000	-	-	1.20%	1,076.86	5,470,000	23,530,000	1.56%	7.27%	1,403.02
2009	13,665,000	3,580,000	854,000	-	1.21%	1,067.10	5,040,000	23,139,000	1.54%	7.07%	1,364.25
2010	12,900,000	3,310,000	773,313	-	1.27%	1,001.32	-	16,983,313	1.27%	5.30%	1,001.32
2011	12,190,000	3,015,000	2,198,821	-	1.33%	894.52	-	17,403,821	1.33%	4.74%	894.52
2012	11,470,000	2,730,000	1,628,305	111,897	1.19%	793.87	11,275,000	27,215,202	2.03%	7.35%	1,355.41
2013	10,715,000	2,410,000	1,049,170	38,464	1.15%	693.27	10,840,000	25,052,634	2.02%	6.64%	1,222.02
2014	10,025,521	2,060,000	459,164	-	1.03%	613.19	10,400,000	22,944,685	1.88%	6.50%	1,121.55

CITY OF UNION CITY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 32,348,351	$ 32,383,825	$ 57,582,113	$ 60,300,985	$ 59,931,048	$ 53,698,056	$ 52,191,978	$ 56,858,181	$ 49,493,881	$ 48,728,312
Total net debt applicable to limit	7,720,000	19,495,000	17,196,729	17,199,086	16,383,154	15,048,433	14,412,583	13,413,324	12,774,136	11,733,846
Legal Debt Margin	$ 24,628,351	$ 12,888,825	$ 40,385,384	$ 43,101,899	$ 43,547,894	$ 38,649,623	$ 37,779,395	$ 43,444,857	$ 36,719,745	$ 36,994,466
Total net debt applicable to the limit as a percentage of debt limit	23.87%	60.20%	29.86%	28.52%	27.34%	28.02%	27.61%	23.59%	25.81%	24.08%

Assessed Value	$ 487,283,116
Debt limit (10% of assessed value)	48,728,312
Debt applicable to limit:	
General obligation bonds and certificates of participation	12,085,521
Less: Amount set aside for repayment of general obligation debt	(351,675)
Total net debt applicable to limit	11,733,846
Legal debt margin	$ 36,994,466

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

CITY OF UNION CITY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2014

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable [(a)]	Amount Applicable to the City of Union City
Fulton County, Georgia- Overlapping Debt			
Certificates of Participation	$ 88,455,000	0.94%	$ 831,477
Building Authority Revenue Bonds	7,555,000	0.94%	71,017
Economic Recovery Zone Bonds	26,965,000	0.94%	253,471
Fulton County School District - Overlapping Debt	102,740,000	0.94%	965,756
Subtotal, overlapping debt			2,121,721
South Fulton Regional Jail Authority			13,055,000
City of Union City, Georgia - Direct Debt			12,544,685
Total Direct and Overlapping Debt			$ 27,721,406

Sources: Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2013) and City Finance Departments.

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

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

CITY OF UNION CITY, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST EIGHT FISCAL YEARS

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

(1) Bonds were paid off in 2010
(2) 2012 Series Bond issued during FY 2012

NOTES:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Utility service charges include tap fees, but exclude interest.
Operating expenses do not include interest, depreciation, or amortization expense.

CITY OF UNION CITY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population [1]	Personal Income [1]	Per Capita Personal Income [1]	Median Age [1]	Unemployment Rate [2]	School Enrollment [3]
2005	16,476	318,102,132	19,307	32.2	5.40%	1,566
2006	17,999	347,506,693	19,307	32.2	4.70%	1,320
2007	18,636	359,805,252	19,307	32.2	5.10%	1,294
2008	16,771	323,797,697	19,307	32.2	7.60%	1,269
2009	16,961	327,466,027	19,307	32.2	10.30%	1,252
2010	16,961	320,155,836	18,876	32.2	10.30%	1,252
2011	19,456	367,251,456	18,876	30.5	8.10%	1,252
2012	20,079	370,457,550	18,450	30.5	8.40%	1,252
2013	20,501	377,525,915	18,415	30.5	8.10%	1,288
2014	20,458	352,941,416	17,252	30.5	8.10%	1,288

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

CITY OF UNION CITY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

	2014			2006		
Business	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Kraft Foods / Excel Logistics	398	1	5.61%			
Christian City / UHS Pruitt	396	2	5.58%			
Wal Mart	281	3	3.96%			
Dendreon Manufacturing, LLC	250	4	3.52%			
Kroger	172	5	2.42%			
Steak & Shake	150	6	2.11%			
Mortensen Woodworking	140	7	1.97%			
UFP Union City, LLC	138	8	1.94%			
GE Energy Parts	125	9	1.76%			
Toyota of Union City	120	10	1.69%			
Christian City Retirement Center				460	1	10.00%
Universal Forest Products Inc				225	2	4.89%
Walmart Super Center				200	3	4.35%
Gene Evans Team Ford				195	4	4.24%
City of Union City				192	5	4.17%
Bill Heard Chevrolet of Union City				130	6	2.83%
The Kroger Co.				125	7	2.72%
Lexus of South Atlanta				100	8	2.17%
Steve Rayman Chrysler Jeep				80	9	1.74%
Don Jackson of Lincoln Mercury				75	10	1.63%

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

CITY OF UNION CITY, GEORGIA

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration	3	3	3	3	3	2	1	3	3	3
City Clerk	6	6	6	7	7	2	2	2	2	2
Finance	3	6	9	8	10	4	4	4	4	4
Finance- water and sewer						5	5	6	6	5
Human Resources	2	2	2	2	2	2	2	1	2	2
Information Technology	1	1	-	-	-	-	1	2	2	2
Judicial										
Municipal Court	3	3	3	4	4	4	4	4	4	4
Health & Welfare										
Leisure Services	1	1	1	1	1	-	-	-	-	-
Housing & Development										
Planning Department	4	4	4	4	3	3	3	2	1	2
Public Safety										
Police	40	48	48	67	61	62	61	61	57	54
Fire	30	33	33	47	48	52	49	51	46	46
Jail	52	52	53	50	48	44	50	42	-	1
E-911 Communications	10	10	10	11	12	10	10	9	10	8
Public Works										
Building & Grounds	2	2	2	2	3	3	3	4	3	3
Code Enforcement	2	2	2	4	4	4	4	4	4	3
Roads & Bridges	11	11	11	17	17	20	17	16	12	13
Water & Sewer	13	14	14	12	12	12	10	9	10	10
Parks and Recreation	-	-	-	3	3	3	3	6	6	5
Operations	-	-	-	-	-	1	2	-	-	1
Total	183	198	201	242	238	233	231	226	172	168

Source: Human Resources

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

CITY OF UNION CITY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Inspections Conducted	6,591	541	547	770	817	720	948	948	998	879
Police										
Number of Law Violations										
Physical Arrests	1,985	843	940	1,801	2,742	2,256	2,437	2,437	1,816	1,028
Traffic and Parking Violations	6,591	10,572	12,802	16,089	16,550	12,597	15,006	15,006	8,673	6,257
Public Service - Sewerage System										
Daily Average Treatment in Gallons	n/a	1,741,405	1,731,000	1,740,000	1,500,000	1,663,372	1,553,414	1,553,414	1,922,000	1,922,000
Max. Daily Capacity of Plant in Gallons	n/a	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	3,713,000	3,713,000
Service Connections	n/a	3,893	4,415	4,074	4,500	4,500	4,206	4,206	4,100	4,100
Public Service - Streets										
Highway and Streets Resurfacing	n/a	1	17	18	21	15	17	17	6	5
Public Service - Water System										
Daily Average Consumption in Gallons	1.30	1,414,557	1,699,104	1,170,000	1,180,000	1,180,000	1,200,000	1,200,000	1,110,000	1,110,000
Max. Daily Capacity of Plant in Gallons	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased
Service Connections	3,900	4,209	4,427	4,460	4,500	4,500	4,523	4,523	4,500	4,506

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

SOURCE: Various City Departments

CITY OF UNION CITY, GEORGIA

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Culture and Recreation										
Park Acreage	22	22	22	22	22	22	22	34	34	34
Parks	2	2	2	2	2	2	2	2	2	2
Tennis Courts	0	0	0	0	0	0	0	0	0	0
Baseball Fields	1	1	2	2	2	2	2	2	5	5
Community Centers & Depot	2	2	2	2	2	2	2	2	2	2
Fire										
Fire Stations	2	2	2	2	2	3	3	3	3	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	26	31	30	30	48	48	48	48	48	56
Patrol Zones	5	5	5	5	4	5	5	5	5	5
Public Service - Sewerage System										
Sanitary Sewer (Miles)	62.1	76.0	76.0	76.0	76.0	79.9	79.9	79.9	79.9	90
Treatment Plants	0	0	0	0	0	0	0	0	0	0
Public Service - Streets										
Streets (Miles)	68.3	90.0	90.0	90.0	90.0	115.1	115.1	115.1	115.1	115.7
Streets (Lights)	691	901	912	912	912	912	912	1,068	1,188	1188
Public Service - Water System										
Water Mains (Miles)	61	68	68	68	68	69	69	69	68	80
Number of Fire Hydrants	658	565	565	565	796	538	540	540	565	591

SOURCE: Various City Departments

COMPLIANCE SECTION

MAULDIN & JENKINS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia (the "City"), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 24, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Macon, Georgia
February 24, 2015

Mauldin & Jenkins, LLC

CITY OF UNION CITY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	___yes __X__ none reported
Noncompliance material to financial statements noted?	___yes __X__ no

Federal Awards

A single audit was not performed for the fiscal year ended August 31, 2014 due to the City not expending $500,000 in federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

CITY OF UNION CITY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

STATUS OF PRIOR YEAR AUDIT FINDINGS

2013-1 **Management of Capital Assets**

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated/amortized, in a systematic and rational manner.

Condition: The City did not properly record the purchase of wastewater capacity in the Water and Sewer Fund as of August 31, 2013.

Response: Resolved