CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2017

Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal ..... i - iv
Certificate of Achievement for Excellence in Financial Reporting v
Organization Chart vi
List of Principal Officials vii

FINANCIAL SECTION

Independent Auditor's Report ..... 1 - 3
Management's Discussion and Analysis ..... 4 - 14
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 15
Statement of Activities 16
Fund Financial Statements:
Balance Sheet – Governmental Funds ..... 17 and 18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 19 and 20
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities 21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund 22
Statement of Net Position – Proprietary Funds 23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 24
Statement of Cash Flows – Proprietary Funds ..... 25 and 26
Statement of Fiduciary Assets and Liabilities – Agency Fund 27
Notes to Financial Statements ..... 28 - 62
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios 63
Schedule of City Contributions 64
Combining Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds ..... 65 and 66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 67 and 68

CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Page

Combining Statements and Schedules (Continued):
- Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Special Revenue Funds, Debt Service Funds, and Capital Projects Funds)
  - General Obligation Bonds Fund 69
  - Capital Projects Fund 70
  - Federal Seized Funds Fund 71
  - Vehicle Rental Excise Tax Fund 72
  - Hotel/Motel Tax Fund 73
  - Emergency 911 Fund 74
  - Tax Allocation District Fund 75
  - Multiple Operating Grant Fund 76
  - Capital Grants Fund 77
  - CDBG Fund 78
  - 2014 General Obligation Bond Fund 79
  - 2010 Certificate of Participation Fund 80
- Combining Statement of Net Position – Nonmajor Enterprise Funds 81
- Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Nonmajor Enterprise Funds 82
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds ..... 83 and 84
- Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund 85
- Statement of Cash Flows – Component Unit 86

STATISTICAL SECTION

Fund information:
- Net Position by Activity 87
- Changes in Net Position ..... 88 - 90
- Fund Balances, Governmental Funds 91
- Changes in Fund Balances, Governmental Funds ..... 92 and 93
- Assessed Value and Estimated Actual Value of Taxable Property 94
- Direct and Overlapping Property Tax Rates 95
- Property Tax Levies and Collections 96
- Principal Property Taxpayers 97
- Ratio of Outstanding Debt by Type 98
- Ratio of General Bonded Debt Outstanding 99
- Legal Debt Margin Information 100

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

Page

Fund information: (Continued)
- Direct and Overlapping Governmental Activities Debt 101
- Pledged-Revenue Coverage 102
- Demographic and Economic Statistics 103
- Principal Employers 104
- Full-Time Equivalent City Employees by Function/Program 105
- Operating Indicators by Function 106
- Capital Assets Statistics by Function 107

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 108 and 109

Schedule of Findings and Responses 110

Schedule of Prior Year Findings 111

INTRODUCTORY SECTION

THE CITY OF
UNION CITY
GEORGIA

February 25, 2018

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, 2017.

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

The City of Union City, Georgia's financial statements have been audited by Mauldin & Jenkins, LLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Union City, Georgia for the fiscal year ended August 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Union City, Georgia's financial statements for the fiscal year ended August 31, 2017, 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 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.

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

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

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

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2017, 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 in fiscal year 2014 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.

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

Union City has gained the attention of top businesses from around the country. Over the past few years, the growing economic base has manifested in the acquisition of several high profile companies including ASOS, Proctor and Gamble, the Walmart Distribution Ecommerce facility, Amazon, and Atlanta Metro Studios of Union City. Due to the booming entertainment industry in the State, Union Station, an obsolete mall, is now being repurposed into one of our state's largest film studios. The economic impact of the movie industry in Georgia is $6 billion. This development continues to provide the City with ability to create a niche market for film induced tourism which is one of the fastest growing markets in the industry. Having one of the largest movie studios in the state located in Union City provides a seat at the table in becoming a destination of choice for both film and entertainment.

The City works diligently to enhance job growth and to promote business stability. Incentives such as the Tax Allocation District (TAD) proposed a 600-acre mixed-use development that helps focus on redevelopment and local infrastructure improvements. With the district's parallel position and access to I-85, it is a strong candidate for major businesses and industrial investments. The City also maintains the Opportunity Zone designation to attract businesses by promoting job tax credits up to $3,500 per job created. Businesses are able to utilize this credit against their Georgia Income Taxes and may claim excess credit against their withholding taxes. Union City maintains a federal designation as a Georgia Foreign Trade Zone (GFTZ) which helps businesses remain competitive, reducing processing fees, custom fees and enhancing the movement of goods in a global marketplace. With these incentives, Union City continues to maintain a solid yet distinctive blend of business clusters that are strategically designed to succeed. Land availability and location advantages, such as the interstate and close proximity to Hartsfield-Jackson International Airport, present Union City with an opportunity distinct to South Fulton County. These resources have enabled the City to capture development, both commercial and residential.

Federal and State Grants

The City has made a significant investment in applying for federal and state awards which use Federal and State dollars to benefit its citizens. In fiscal year 2017, Union City received grants used for additional police equipment, and for street paving and resurfacing.

Awards & Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Union City for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended August 31, 2016. 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 sixteenth 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,



Sonja Fillingame
City Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Union City

Georgia

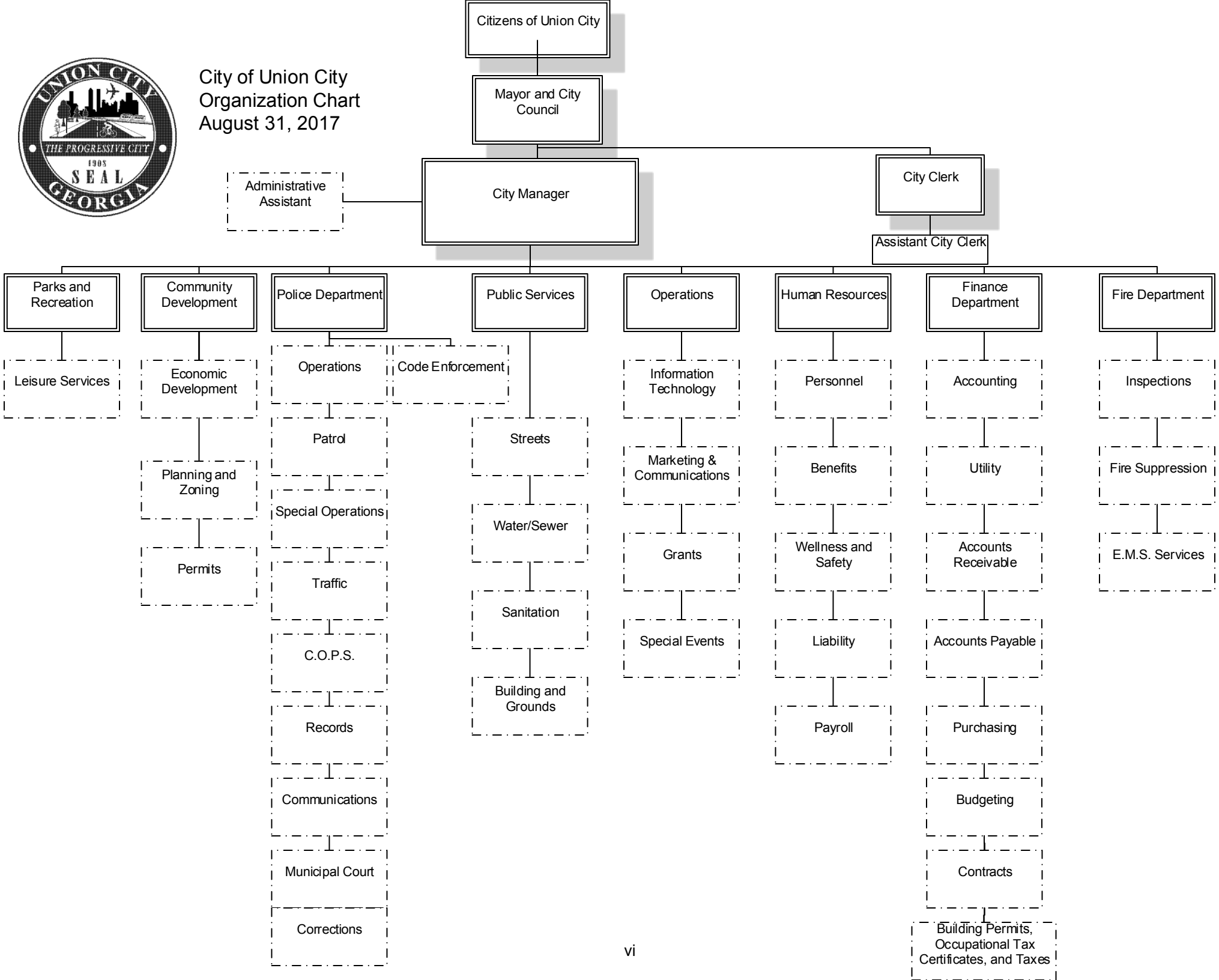
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morrill

Executive Director/CEO

City of Union City Organization Chart August 31, 2017



CITY OF UNION CITY, GEORGIA

PRINCIPAL OFFICIALS
AUGUST 31, 2017

Elected Officials

Vince Williams, Mayor

City Council
Brian K. Jones
Angelette Mealing
Christina Hobbs
Shayla Nealy

Appointed Officials

City Manager
Sonja Fillingame

City Clerk
Shandrella Jewett

Chief of Police
Cassandra Jones

Chief of Fire Administration
Joe Maddox

Director of Public Services
Lonnie Ferguson

Director of Community Development
Ellis Still

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, 2017, 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, 2017, 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 14), and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions on pages 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The 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 25, 2018, 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 the effectiveness of the City of Union City, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the City of Union City, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
February 25, 2018

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, 2017. 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 2017 are as follows:

- The assets of the City exceeded its liabilities at the close of the fiscal year by $30,501,832 (net position).
- The City's total net position increased by $7,096,286 or 30%.
- As of the close of the current fiscal year, the City's governmental activities reported ending net position of $18,881,503, an increase of $6,440,045 from the prior year.
- The City's General Fund reported a positive fund balance of $14,576,195 which represents 101% of the current years expenditures.
- General Fund results were $3,656,883 better than budgeted.

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 15 and 16.

Reporting the City's Most Significant Funds

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

Governmental Funds

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

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

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

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 17 - 22.

Proprietary Funds

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

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

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

The City's proprietary fund financial statements are presented on pages 23 - 26.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 15 and 16):

City of Union City's Net Position
August 31, 2017

	Governmental Activities		Business-type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Current and other assets	**$ 26,867,035**	$ 14,954,520	**$ 7,933,200**	$ 7,051,633	**$ 34,800,235**	$ 22,006,153
Capital assets, net	**16,122,219**	15,071,421	**15,168,015**	15,910,848	**31,290,234**	30,982,269
Total assets	**42,989,254**	30,025,941	**23,101,215**	22,962,481	**66,090,469**	52,988,422
Deferred outflows of resources	**2,201,184**	2,576,579	**129,397**	178,189	**2,330,581**	2,754,768
Other liabilities	**9,824,892**	9,008,600	**2,658,892**	2,755,820	**12,483,784**	11,764,420
Long-term liabilities outstanding	**16,385,406**	11,022,775	**8,944,308**	9,408,076	**25,329,714**	20,430,851
Total liabilities	**26,210,298**	20,031,375	**11,603,200**	12,163,896	**37,813,498**	32,195,271
Deferred inflows of resources	**98,637**	129,687	**7,083**	12,687	**105,720**	142,374
Net position:						
Net investment in capital assets	**598,455**	5,049,949	**6,757,926**	7,209,006	**7,356,381**	12,258,955
Restricted	**8,394,962**	2,040,997	**1,535,293**	1,834,024	**9,930,255**	3,875,021
Unrestricted	**9,888,086**	5,350,512	**3,327,110**	1,921,057	**13,215,196**	7,271,569
Total net position	**$ 18,881,503**	$ 12,441,458	**$ 11,620,329**	$ 10,964,087	**$ 30,501,832**	$ 23,405,545

Financial Position

The total net position of the City increased $7,096,287 or 30%, from $23,405,545 to $30,501,832, as noted in the table above. The increase is primarily the result of better than budgeted balances in the General fund and management's emphasis on generating reserves for future projects and any potential downturns in the economy.

City of Union City's Changes in Net Position
August 31, 2017

	Governmental Activities		Business-type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Revenues:						
Program revenues						
Charges for services	**$ 3,507,517**	$ 3,583,841	**$ 9,742,564**	$ 10,100,193	**$ 13,250,081**	$ 13,684,034
Operating grants and contributions	**40,612**	29,930	**-**	-	**40,612**	29,930
Capital grants and contributions	**616,252**	545,682	**-**	-	**616,252**	545,682
General revenues:						
Property taxes	**9,791,509**	8,747,818	**-**	-	**9,791,509**	8,747,818
Sales taxes	**6,524,359**	5,079,836	**-**	-	**6,524,359**	5,079,836
Franchise taxes	**1,360,726**	1,364,897	**-**	-	**1,360,726**	1,364,897
Other taxes	**1,689,639**	1,596,425	**-**	-	**1,689,639**	1,596,425
Unrestricted investment earnings	**39,768**	33,119	**6,739**	22,317	**46,507**	55,436
Total revenues	**23,570,382**	20,981,548	**9,749,303**	10,122,510	**33,319,685**	31,104,058
Expenses:						
General government	**2,444,499**	2,424,138	**-**	-	**2,444,499**	2,424,138
Judicial	**454,518**	444,132	**-**	-	**454,518**	444,132
Public safety	**10,242,974**	9,852,273	**-**	-	**10,242,974**	9,852,273
Public w orks	**2,168,984**	2,329,099	**-**	-	**2,168,984**	2,329,099
Parks and recreation	**551,401**	522,901	**-**	-	**551,401**	522,901
Economic development	**646,318**	684,237	**-**	-	**646,318**	684,237
Interest on long-term debt	**621,643**	221,368	**-**	-	**621,643**	221,368
Water and Sew er	**-**	-	**7,178,488**	7,692,033	**7,178,488**	7,692,033
Sanitation	**-**	-	**1,642,981**	1,493,200	**1,642,981**	1,493,200
Stormw ater	**-**	-	**271,592**	734,022	**271,592**	734,022
Total expenses	**17,130,337**	16,478,148	**9,093,061**	9,919,255	**26,223,398**	26,397,403
Increase in net position before transfers	**6,440,045**	4,503,400	**656,242**	203,255	**7,096,287**	4,706,655
Transfers	**-**	64,044	**-**	(64,044)	**-**	-
Change in net position	**6,440,045**	4,567,444	**656,242**	139,211	**7,096,287**	4,706,655
Net position, beginning of year	**12,441,458**	7,874,014	**10,964,087**	10,824,876	**23,405,545**	18,698,890
Net position, end of year	**$ 18,881,503**	$ 12,441,458	**$ 11,620,329**	$ 10,964,087	**$ 30,501,832**	$ 23,405,545

Governmental Activities

As noted in the table on the preceding page, governmental revenues increased $2,588,834 or 12.3%. The more significant increases were sales taxes which increased $1,444,523 or 28.4% as a result of the transportation special purpose option tax. Property taxes increased $1,043,691 or 11.9%, due to increased assessed property values and commercial growth.

In total, governmental expenses increased $652,189 or 4.0% over the prior year. Public safety expenses increased $390,701 or 4.0% as a result of filling vacant police positions.

Business-Type Activities

Net position for business-type activities increased $656,242 or 6%. The Water and Sewer fund reported a decrease in net position of $114,191; the Criminal Justice Management Fund had an increase in net position of $95,730; the Stormwater fund had an increase in net position of $443,463; and the Sanitation fund had an increase in net position of $231,240.

The Water and Sewer fund had net operating income of $1,670,315; $1,651,758; and $1,701,316; for 2017, 2016 and 2015, respectively. Operating income has remained relatively consistent over the last three years. 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 $1,459,221; $1,555,865; and $1,566,108; for 2017, 2016 and 2015, respectively.

The Criminal Justice Management fund had a net operating income (losses) of $95,730; ($66,649); and $124,667; for 2017, 2016 and 2015, respectively. The losses for fiscal 2016 are attributable to major repair work required on the facility. Because of continuing losses prior to 2013, the City ceased operating the facility. Beginning August 2013, the City leased the jail facility to the Fulton County Sheriff department under an annual lease agreement.

The Stormwater Fund had net operating income (losses) of $443,463; $213,930; and ($805,063); for 2017, 2016 and 2015 respectively. Losses for 2015 are attributable to a major repair along Shannon Parkway. Improvements in operating income for 2016 and 2017 are attributable to reduced repair and maintenance requirements.

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 $231,240; $279,753; and $214,519; for 2017, 2016 and 2015, 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 and Proprietary Net Position – Major Funds

The City's combined fund balances as of the end of the current year for major governmental funds, were $20,382,422. This balance represents an increase of $9,958,818 or 95.54% from last year's ending balances. The City's combined fund balances as of the end of the current year for major proprietary funds, were $10,734,269. This balance represents an increase of $329,272 or 3.16% from last year's ending balances. The tables below reflect changes in governmental fund balances and proprietary net positions for major funds.

City of Union City Major Funds' Fund Balances and/or Net Positions
August 31, 2017

	2017	2016	$ Change	% Change
Governmental Major Funds' Fund Balances				
General Fund	**$ 14,576,195**	$ 10,423,604	$ 4,152,591	
General Obligation Bonds Fund	**4,985,303**	-	4,985,303	
Capital Projects Fund	**820,924**	-	820,924	
Total Governmental Major Funds' Fund Balances	**$ 20,382,422**	$ 10,423,604	$ 9,958,818	95.54 %
Proprietary Major Funds' Net Positions				
Water and Sewer Fund	**$ 8,912,415**	$ 9,026,606	$ (114,191)	
Stormwater Fund	**1,821,854**	1,378,391	443,463	
Total Proprietary Major Funds' Net Positions	**$ 10,734,269**	$ 10,404,997	$ 329,272	3.16 %

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 $4,467,306 as compared to $3,470,599 in the prior year. Governmental revenues increased $2,521,804 or 12%. Property taxes increased $976,661 or 11.2% due to increases in property values and additional commercial development within the city. Other taxes and sales taxes increased $1,537,737 or 23% due the collection of a special local option sales tax for transportation which began in April 2017. Intergovernmental revenue increases $81,252 or 14.12% due to increased activity in federal and state grants. Fines and forfeitures decreased $180,049 or 24.6% due to attrition and vacancies in the police department.

Overall governmental expenditures increased $1,525,097 or 8.7%. General government expenses increased $276,122 or 10.7% because of general increases in finance department operations and increases in election and consulting expenses. Public safety expenses increased $214,588 or 2.3% as a result filling vacant positions. Public works expenses decreased $90,795 or 5% because of decreased activity on road and sidewalk projects. Capital outlay increased $1,076,478 or 146.5% as infrastructure and other projects continue. Debt service principal and interest decreased $142,613 (9.8%) and $43,128 (12%), respectively, as a result of debt refinancing and continued payoff of debt.

City of Union City's Changes in Governmental Fund Balance
August 31, 2017

	2017	2016	$ Change	% Change
Revenues				
Property taxes	**$ 9,727,696**	$ 8,751,035	$ 976,661	11.16 %
Sales taxes	**6,524,359**	-	6,524,359	-
Other taxes	**1,689,639**	6,676,261	(4,986,622)	(74.69)
Charges for services	**643,280**	481,364	161,916	33.64
Licenses and permits	**2,217,042**	2,252,917	(35,875)	(1.59)
Intergovernmental	**656,864**	575,612	81,252	14.12
Franchise fees	**1,360,726**	1,364,897	(4,171)	(0.31)
Fines and forfeitures	**550,815**	730,864	(180,049)	(24.64)
Interest revenue	**39,768**	33,119	6,649	20.08
Rental income	**19,461**	18,346	1,115	6.08
Other revenue	**76,919**	100,350	(23,431)	(23.35)
Total revenues	**23,506,569**	20,984,765	2,521,804	12.02
Expenditures				
Current:				
General government	**2,858,582**	2,582,460	276,122	10.69
Judicial	**361,155**	357,346	3,809	1.07
Public safety	**9,370,391**	9,155,803	214,588	2.34
Public works	**1,708,825**	1,799,620	(90,795)	(5.05)
Parks and recreation	**453,919**	384,182	69,737	18.15
Planning and economic development	**646,318**	684,237	(37,919)	(5.54)
Capital outlay	**1,811,510**	735,032	1,076,478	146.45
Debt service				
Principal (net of refunding)	**1,315,988**	1,458,601	(142,613)	(9.78)
Interest	**313,757**	356,885	(43,128)	(12.08)
Bond issuance costs	**198,818**	-	198,818	-
Total expenditures	**19,039,263**	17,514,166	1,525,097	8.71
Excess (deficiency) of revenues over (under) expenditures	**4,467,306**	3,470,599	996,707	28.72
Other financing sources				
Premium on bonds issued	**767,177**	-	767,177	
Bond proceeds	**5,000,000**	-	5,000,000	
Capital leases	**351,234**	-	351,234	
Payment to bond escrow agent	**-**	-	-	
Net transfers	**-**	64,044	(64,044)	
Total other financing sources	**6,118,411**	64,044	6,054,367	
Net change in fund balance	**$ 10,585,717**	$ 3,534,643	$ 7,051,074	(199.48) %

General Fund Budgetary Highlights

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.

The final budgets passed by the City Council anticipated $18,731,800 of revenues to cover expenditures of $16,075,239 and net transfers out of $2,656,562. Actual results were $3,656,884 better than projected.

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

- For the General Fund, the actual revenues were $1,960,896 better than the final budget. Revenues were budgeted at $18,731,800 and actual revenues were $20,692,696. Property taxes were $1,607,696 better than budgeted due to increases in property values and additional development. Other taxes and franchise taxes were $191,424 and $30,626, respectively, better than budgeted due to improvements in the local economy. Licenses and permits were $271,042 better than budgeted due to significant increases in business licenses and building permits. Fines and forfeitures were ($313,185) less than budgeted due to attrition and vacancies in the police department.
- Actual expenditures of $14,379,251 were $1,695,988 less than the budgeted amount of $16,075,239 as management continues to be very conservative in their budgeting. General government expenditures were $531,339 better than budgeted primarily because a contingency budget of $352,502 was not utilized. Public safety expenditures were $689,323 better than budgeted because of vacancies in the police and fire departments.

Capital Asset and Debt Administration

Capital Assets

The City has invested $31,290,234 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, 2017

	Governmental Activities		Business -type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Land	**$ 691,851**	$ 691,851	**$ 493,194**	$ 493,194	**$ 1,185,045**	$ 1,185,045
Construction in progress	**1,767,934**	847,728	**-**	-	**1,767,934**	847,728
Buildings, grounds and improvements	**5,920,481**	6,199,197	**9,102,513**	9,473,798	**15,022,994**	15,672,995
Machinery and equipment	**242,303**	288,748	**133,949**	46,923	**376,252**	335,671
Infrastructure	**6,329,887**	6,012,542	**735,686**	752,886	**7,065,573**	6,765,428
Intangibles	**-**	-	**4,639,300**	5,064,275	**4,639,300**	5,064,275
Vehicles	**1,169,763**	1,031,355	**63,373**	79,772	**1,233,136**	1,111,127
Total	**$ 16,122,219**	$ 15,071,421	**$ 15,168,015**	$ 15,910,848	**$ 31,290,234**	$ 30,982,269

The detailed schedule capital assets are reported in Note 5 of the financial statements.
Total capital asset additions for 2017 were $2,146,374 compared to $525,189 in 2016.

Long-term Debt

At the end of the current year, the City had long-term debt related to governmental activities of $14,808.995 and $9,020,000 for business type activities. All debt is 100% backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources and water and sewer bonds are secured by related revenues.

In 2012, the City issued Water and Sewer revenue bonds of $11,275,000 for operations and renewal and extension activities. Moody's Investors Service has assigned a rating of "A2" on the 2012 Water and Sewer bonds

The Citizens of the City approved the 2006 Bond Referendum in March of 2006 for $12,575,000 which required an increase in the property tax millage by 2 mills. The additional property tax revenue collected from the increase in the millage rate will be used to repay the 2006 Series Bonds. In September 2014, the City issued series 2014 general obligation bonds to partially refund series 2006 bonds.

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

City of Union City's Outstanding Long-Term Liabilities
August 31, 2017

	Governmental Activities		Business -type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
General obligation bonds backed by property taxes	**$ 13,605,000**	$ 9,740,000	**$ -**	$ -	**$ 13,605,000**	$ 9,740,000
Revenue bonds	**-**	-	**9,020,000**	9,490,000	**9,020,000**	9,490,000
Note payable	**-**	-	**-**	-	**-**	-
Capital lease	**1,203,995**	284,983	**-**	-	**1,203,995**	284,983
	$ 14,808,995	$ 10,024,983	**$ 9,020,000**	$ 9,490,000	**$ 23,828,995**	$ 19,514,983

Economic Factors and Next Year's Budgets and Rates

Union City, like most cities, has been hit hard by the recession. Due to the economy, the City was placed in a difficult financial position and was forced to make tough decisions. However, over the past few years, the City's strategic location and improving economic conditions has led to the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution E-commerce facility, Amazon, and Atlanta Metro Studios of Union City. Millage rates for property taxes will remain at 16.425 mills for the fiscal year 2018.

Contacting the City's Financial Management

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION
AUGUST 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	South Fulton Municipal Regional Jail Authority
ASSETS				
Cash and cash equivalents	$ 24,128,441	$ 4,234,215	$ 28,362,656	$ 1,846,890
Investments	107,450	322,775	430,225	-
Taxes receivable	122,893	-	122,893	-
Accounts receivable, net of allowances	12,478	1,617,505	1,629,983	-
Due from other governments	1,662,704	-	1,662,704	289,364
Due from others	120,414	168	120,582	-
Inventory	8,774	24,649	33,423	-
Prepaid expenses	703,881	10,571	714,452	-
Restricted assets:				
Cash and cash equivalents	-	1,611,794	1,611,794	-
Investments	-	111,523	111,523	-
Capital assets:				
Nondepreciable	2,459,785	493,194	2,952,979	286,986
Depreciable, net of accumulated depreciation	13,662,434	14,674,821	28,337,255	7,198,908
Total assets	42,989,254	23,101,215	66,090,469	9,622,148
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	951,253	68,305	1,019,558	-
Pension contributions subsequent to measurement date	850,801	61,092	911,893	-
Deferred charges on refunding	399,130	-	399,130	-
Total deferred outflows of resources	2,201,184	129,397	2,330,581	-
LIABILITIES				
Accounts payable	2,540,088	766,676	3,306,764	51
Accrued liabilities	349,989	58,187	408,176	158,284
Unearned revenues	31,411	-	31,411	1,824,000
Due to other governments	69,122	-	69,122	-
Customer deposits payable	-	1,053,928	1,053,928	-
Due to component unit	-	289,364	289,364	-
Capital leases due within one year	456,332	-	456,332	-
Capital leases due in more than one year	747,663	-	747,663	-
Bonds payable due within one year	1,565,000	480,000	2,045,000	310,000
Bonds payable due in more than one year	13,153,899	8,440,888	21,594,787	11,840,000
Claims payable due within one year	147,347	-	147,347	-
Compensated absences due within one year	315,165	23,420	338,585	-
Net pension liability	6,834,282	490,737	7,325,019	-
Total liabilities	26,210,298	11,603,200	37,813,498	14,132,335
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	88,558	6,358	94,916	-
Pension investment return	10,079	725	10,804	-
Total deferred inflows of resources	98,637	7,083	105,720	-
NET POSITION				
Net investment in capital assets	598,455	6,757,926	7,356,381	4,595,894
Restricted				
Law enforcement	145,948	-	145,948	-
Economic development	444,084	-	444,084	-
Debt service	435,044	1,259,177	1,694,221	-
Capital outlay	7,369,886	-	7,369,886	-
Customer deposits	-	276,116	276,116	-
Unrestricted	9,888,086	3,327,110	13,215,196	(9,106,081)
Total net position	$ 18,881,503	$ 11,620,329	$ 30,501,832	$ (4,510,187)

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, 2017

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	$ 2,444,499	$ 2,352,516	$ -	$ -	$ (91,983)	$ -	$ (91,983)	$ -
Judicial	454,518	46,479	-	-	(408,039)	-	(408,039)	-
Public safety	10,242,974	935,486	40,612	-	(9,266,876)	-	(9,266,876)	-
Public works	2,168,984	13,977	-	616,252	(1,538,755)	-	(1,538,755)	-
Parks and recreation	551,401	69,765	-	-	(481,636)	-	(481,636)	-
Planning and economic development	646,318	89,294	-	-	(557,024)	-	(557,024)	-
Interest on long-term debt	422,825	-	-	-	(422,825)	-	(422,825)	-
Issuance cost on long-term debt	198,818	-	-	-	(198,818)	-	(198,818)	-
Total governmental activities	17,130,337	3,507,517	40,612	616,252	(12,965,956)	-	(12,965,956)	-
Business-type activities:								
Water and Sewerage	7,178,488	7,057,558	-	-	-	(120,930)	(120,930)	-
Sanitation	1,642,981	1,969,951	-	-	-	326,970	326,970	-
Stormwater	271,592	715,055	-	-	-	443,463	443,463	-
Total business-type activities	9,093,061	9,742,564	-	-	-	649,503	649,503	-
Total primary government	$ 26,223,398	$ 13,250,081	$ 40,612	$ 616,252	(12,965,956)	649,503	(12,316,453)	-
Component unit:								
South Fulton Municipal Regional Jail Authority	$ 730,353	$ 780,444	$ -	$ -	-	-	-	50,091
Total component unit	$ 730,353	$ 780,444	$ -	$ -	-	-	-	50,091
General revenues:								
Property taxes					9,791,509	-	9,791,509	-
Sales taxes					6,524,359	-	6,524,359	-
Insurance premium tax					1,214,767	-	1,214,767	-
Alcoholic beverage taxes					21,216	-	21,216	-
Other taxes					453,656	-	453,656	-
Franchise taxes					1,360,726	-	1,360,726	-
Unrestricted investment earnings					39,768	6,739	46,507	36
Total general revenues					19,406,001	6,739	19,412,740	36
Change in net position					6,440,045	656,242	7,096,287	50,127
Net position, beginning of year					12,441,458	10,964,087	23,405,545	(4,560,314)
Net position, end of year					$ 18,881,503	$ 11,620,329	$ 30,501,832	$ (4,510,187)

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

CITY OF UNION CITY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

	General Fund	General Obligation Bonds Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	$ 15,478,740	$ 5,200,546	$ 773,167
Investments	107,450	-	-
Taxes receivable, net	82,869	-	-
Accounts receivable, net	-	-	-
Due from other governments	423,016	-	748,766
Due from others	120,414	-	-
Inventory	8,774	-	-
Due from other funds	185,441	-	-
Prepaid expenditures	444,144	-	94,567
Total assets	$ 16,850,848	$ 5,200,546	$ 1,616,500
LIABILITIES			
Accounts payable	$ 2,016,955	$ 215,243	$ 46,810
Accrued liabilities	137,600	-	-
Unearned revenue	31,411	-	-
Due to others	-	-	-
Due to other funds	-	-	-
Total liabilities	2,185,966	215,243	46,810
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	88,687	-	-
Unavailable revenue - capital lease	-	-	748,766
Total deferred inflow of resources	88,687	-	748,766
FUND BALANCES			
Nonspendable:			
Inventory	8,774	-	-
Prepaid expenditures	444,144	-	94,567
Restricted for:			
Law enforcement	-	-	-
Economic development	-	-	-
Other capital projects	-	4,985,303	726,357
Debt service	-	-	-
Assigned to:			
Public safety - jail	-	-	-
Unassigned	14,123,277	-	-
Total fund balances	14,576,195	4,985,303	820,924
Total liabilities, deferred inflows of resources and fund balances	$ 16,850,848	$ 5,200,546	$ 1,616,500

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

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

The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.

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

Net position of governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,675,988	$ 24,128,441
-	107,450
40,024	122,893
12,478	12,478
490,922	1,662,704
-	120,414
-	8,774
-	185,441
165,170	703,881
$ 3,384,582	$ 27,052,476
$ 261,080	$ 2,540,088
-	137,600
-	31,411
69,122	69,122
185,441	185,441
515,643	2,963,662
-	88,687
-	748,766
-	837,453
-	8,774
165,170	703,881
145,948	145,948
444,084	444,084
1,658,226	7,369,886
435,044	435,044
195,651	195,651
(175,184)	13,948,093
2,868,939	23,251,361
$ 3,384,582	
	16,122,219
	837,453
	399,130
	(5,130,865)
	(16,597,795)
	$ 18,881,503

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	General Fund	General Obligation Bonds Fund	Capital Projects Fund
Revenues			
Property taxes	$ 9,727,696	$ -	$ -
Sales taxes	5,123,441	-	-
Other taxes	1,235,983	-	-
Charges for services	343,468	-	-
Licenses and permits	2,217,042	-	-
Intergovernmental	-	-	-
Franchise taxes	1,360,726	-	-
Fines and forfeitures	550,815	-	-
Interest revenue	37,145	1,864	-
Rental income	19,461	-	-
Other revenues	76,919	-	-
Total revenues	20,692,696	1,864	-
Expenditures			
Current:			
General government	2,858,554	-	28
Judicial	361,155	-	-
Public safety	8,739,533	-	-
Public works	1,341,076	-	-
Parks and recreation	453,919	-	-
Planning and economic development	523,224	-	-
Capital outlay	-	462,940	707,822
Debt service:			
Principal	91,729	-	89,259
Interest	10,061	-	5,308
Bond issuance costs	-	198,818	-
Total expenditures	14,379,251	661,758	802,417
Excess (deficiency) of revenues over (under) expenditures	6,313,445	(659,894)	(802,417)
Other financing sources (uses)			
Premium on bonds issued	-	767,177	-
General obligation bonds issued	-	5,000,000	-
Capital leases	-	-	351,234
Transfers in	304,641	-	655,491
Transfers out	(2,465,495)	(106,944)	-
Total other financing sources (uses)	(2,160,854)	5,660,233	1,006,725
Net change in fund balances	4,152,591	5,000,339	204,308
Fund balances (deficit), beginning of year	10,423,604	(15,036)	616,616
Fund balances, end of year	$ 14,576,195	$ 4,985,303	$ 820,924

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

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 9,727,696
1,400,918	6,524,359
453,656	1,689,639
299,812	643,280
-	2,217,042
656,864	656,864
-	1,360,726
-	550,815
759	39,768
-	19,461
-	76,919
2,812,009	23,506,569
-	2,858,582
-	361,155
630,858	9,370,391
367,749	1,708,825
-	453,919
123,094	646,318
640,748	1,811,510
1,135,000	1,315,988
298,388	313,757
-	198,818
3,195,837	19,039,263
(383,828)	4,467,306
-	767,177
-	5,000,000
-	351,234
1,916,948	2,877,080
(304,641)	(2,877,080)
1,612,307	6,118,411
1,228,479	10,585,717
1,640,460	12,665,644
$ 2,868,939	$ 23,251,361

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, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	10,585,717
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,050,798
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		63,813
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.		(4,802,423)
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.		(457,860)
Change in net position of governmental activities	$	6,440,045

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, 2017

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 8,120,000	$ 8,120,000	$ 9,727,696	$ 1,607,696
Sales taxes	5,050,000	5,050,000	5,123,441	73,441
Other taxes	1,118,000	1,118,000	1,235,983	117,983
Charges for services	257,000	257,000	343,468	86,468
Licenses and permits	1,946,000	1,946,000	2,217,042	271,042
Franchise taxes	1,330,100	1,330,100	1,360,726	30,626
Fines and forfeitures	864,000	864,000	550,815	(313,185)
Interest revenue	10,000	10,000	37,145	27,145
Rental income	16,500	16,500	19,461	2,961
Other revenues	20,200	20,200	76,919	56,719
Total revenues	18,731,800	18,731,800	20,692,696	1,960,896
Expenditures:				
Current:				
General government:				
City clerk	300,239	300,238	211,152	89,086
Finance	682,876	682,353	602,668	79,685
City administrator	392,406	392,640	359,980	32,660
Mayor and council	215,853	256,514	256,514	-
Human resources	426,579	432,102	424,820	7,282
Operations	1,391,027	1,326,046	1,003,420	322,626
Total general government	3,408,980	3,389,893	2,858,554	531,339
Judicial:				
Municipal court	392,643	392,643	361,155	31,488
Public safety:				
Police	5,243,132	5,243,132	4,852,150	390,982
Fire	4,177,068	4,185,724	3,887,383	298,341
Total public safety	9,420,200	9,428,856	8,739,533	689,323
Public works:				
Buildings and grounds	1,561,807	1,561,807	1,341,076	220,731
Planning and economic development	638,628	638,628	523,224	115,404
Parks and recreation	554,190	561,621	453,919	107,702
Debt service	101,790	101,790	101,790	-
Total expenditures	16,078,238	16,075,238	14,379,251	1,695,987
Excess of revenues over expenditures	2,653,562	2,656,562	6,313,445	3,656,883
Other financing sources (uses):				
Transfers in	584,001	584,001	304,641	(279,360)
Transfers out	(3,237,563)	(3,240,563)	(2,465,495)	775,068
Total other financing uses, net	(2,653,562)	(2,656,562)	(2,160,854)	495,708
Net change in fund balances	$ -	$ -	4,152,591	$ 4,152,591
Fund balance, beginning of year			10,423,604	
Fund balance, end of year			$ 14,576,195	

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2017

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 2,441,752	$ 599,215	$ 1,193,248	$ 4,234,215
Investments	322,775	-	-	322,775
Accounts receivable, net of allowances	1,141,503	294,466	181,536	1,617,505
Inventory	24,649	-	-	24,649
Due from others	168	-	-	168
Prepaid expenses	3,045	-	7,526	10,571
Restricted assets				
Cash and cash equivalents	1,611,794	-	-	1,611,794
Investments	111,523	-	-	111,523
Total current assets	5,657,209	893,681	1,382,310	7,933,200
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	493,194	-	-	493,194
Depreciable, net of accumulated depreciation	13,740,419	934,402	-	14,674,821
Total noncurrent assets	14,233,613	934,402	-	15,168,015
Total assets	19,890,822	1,828,083	1,382,310	23,101,215
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	63,381	-	4,924	68,305
Pension contributions subsequent to measurement date	56,688	-	4,404	61,092
Total deferred outflows of resources	120,069	-	9,328	129,397
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	582,312	6,229	178,135	766,676
Accrued liabilities	5,616	-	758	6,374
Compensated absences	21,986	-	1,434	23,420
Due to component unit	-	-	289,364	289,364
Payables from restricted assets:				
Customer deposits payable	1,053,928	-	-	1,053,928
Revenue bonds payable - current portion	480,000	-	-	480,000
Accrued interest on bonds payable	51,813	-	-	51,813
Total current liabilities	2,195,655	6,229	469,691	2,671,575
NONCURRENT LIABILITIES				
Revenue bonds payable - net of unamortized discounts and current portion	8,440,888	-	-	8,440,888
Net pension liability	455,361	-	35,376	490,737
Total noncurrent liabilities	8,896,249	-	35,376	8,931,625
Total liabilities	11,091,904	6,229	505,067	11,603,200
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	5,900	-	458	6,358
Pension investment return	672	-	53	725
Total deferred inflows of resources	6,572	-	511	7,083
NET POSITION				
Net investment in capital assets	5,823,524	934,402	-	6,757,926
Restricted				
Debt service	1,259,177	-	-	1,259,177
Customer deposits	276,116	-	-	276,116
Unrestricted	1,553,598	887,452	886,060	3,327,110
Total net position	$ 8,912,415	$ 1,821,854	$ 886,060	$ 11,620,329

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, 2017

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Charges for services	$ 6,056,050	$ 715,055	$ 1,879,980	$ 8,651,085
Tap fees	233,900	-	-	233,900
Other charges	767,608	-	89,971	857,579
Total operating revenues	7,057,558	715,055	1,969,951	9,742,564
OPERATING EXPENSES				
Water purchases	2,413,254	-	-	2,413,254
Purchased or contracted services	2,157,302	197,641	1,642,981	3,997,924
Depreciation expense	816,687	73,951	-	890,638
Total operating expenses	5,387,243	271,592	1,642,981	7,301,816
Operating income	1,670,315	443,463	326,970	2,440,748
NONOPERATING INCOME (EXPENSES)				
Interest income	6,739	-	-	6,739
Interest expense	(332,024)	-	-	(332,024)
Intergovernmental agreement	(1,459,221)	-	-	(1,459,221)
Total nonoperating expenses, net	(1,784,506)	-	-	(1,784,506)
Change in net position	(114,191)	443,463	326,970	656,242
NET POSITION, beginning of year	9,026,606	1,378,391	559,090	10,964,087
NET POSITION, end of year	$ 8,912,415	$ 1,821,854	$ 886,060	$ 11,620,329

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, 2017

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 7,599,734	$ 809,000	$ 2,033,675	$ 10,442,409
Payments to suppliers	(3,911,688)	(191,413)	(1,621,842)	(5,724,943)
Payments to employees	(748,404)	-	-	(748,404)
Net cash provided by operating activities	2,939,642	617,587	411,833	3,969,062
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on intergovernmental agreement	(1,459,221)	-	-	(1,459,221)
Net cash used in noncapital financing activities	(1,459,221)	-	-	(1,459,221)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(147,803)	-	(147,803)
Principal paid on bonds	(470,000)	-	-	(470,000)
Interest paid	(322,626)	-	-	(322,626)
Net cash used in capital and related financing activities	(792,626)	(147,803)	-	(940,429)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,817)	-	-	(2,817)
Interest and dividends received	6,739	-	-	6,739
Net cash provided by investing activities	3,922	-	-	3,922
Change in cash and cash equivalents	691,717	469,784	411,833	1,573,334
Cash and cash equivalents:				
Beginning of year	3,361,829	129,431	781,415	4,272,675
End of year	$ 4,053,546	$ 599,215	$ 1,193,248	$ 5,846,009
Classified as:				
Cash and cash equivalents	$ 2,441,752	599,215	$ 1,193,248	$ 4,234,215
Restricted assets, cash	1,611,794	-	-	1,611,794
	$ 4,053,546	$ 599,215	$ 1,193,248	$ 5,846,009

(Continued)

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 1,670,315	$ 443,463	$ 326,970	$ 2,440,748
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	816,687	73,951	-	890,638
Changes in assets and liabilities:				
Decrease in accounts receivable	542,176	93,945	67,541	703,662
Decrease in due from others	1,324	-	169	1,493
Increase in prepaids	(3,045)	-	(7,526)	(10,571)
Increase (decrease) in accounts payable	(87,280)	6,228	30,514	(50,538)
Decrease in accrued liabilities	(26,977)	-	(2,137)	(29,114)
Decrease in due to component unit	-	-	(3,986)	(3,986)
Increase in customer deposits	91,329	-	-	91,329
Increase (decrease) in net pension liability	(64,887)	-	288	(64,599)
Net cash provided by operating activities	$ 2,939,642	$ 617,587	$ 411,833	$ 3,969,062

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, 2017

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 19,326
Total assets	$ 19,326
LIABILITIES	
Due to others	$ 19,326
Total liabilities	$ 19,326

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, 2017:

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 funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

1. Budget requests are completed in April.

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

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

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, T-SPLOST Fund, 2010 General Obligation Bond Debt Service Fund, and 2017 General Obligation Bond Debt Service Fund due to the City's anticipation that there would not be any revenues or expenditures relating to these funds during the fiscal year.

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

The investment in the Georgia Fund 1, created by O.C.G.A. 36-83-8, represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value.

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

G. Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

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

J. Capital Assets

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

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended August 31, 2017, 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the pension items discussed on the following page, the City has one additional item that qualifies for reporting in this category. The item is the deferred charge on refunding and is reported in the government wide statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred inflows of resources.

M. Inventories

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

N. Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are reappropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2017, there were no encumbrances outstanding.

P. Fund Equity

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

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

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

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

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

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

- ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

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

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

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

Q. Use of Estimates

The preparation of financial statements in conformity with 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.

R. Tax Abatement Programs

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

During the year ended August 31, 2017, the City's ad valorem tax revenues were reduced by $449,976 under other government agreements entered into by Fulton County, Georgia.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that "certain liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	$ (13,605,000)
Plus: Premium on bond issuance (to be amortized over the life of the debt)	(1,113,899)
Capital leases	(1,203,995)
Claims payable	(147,347)
Compensated absences	(315,165)
Accrued interest	(212,389)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (16,597,795)

Another element of that reconciliation explains that "the net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds". The details of this difference are as follows:

Pension experience differences	$ 951,253
Pension contributions subsequent to measurement date	850,801
Pension assumption changes	(88,558)
Pension investment return	(10,079)
Net pension liability	(6,834,282)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,130,865)

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	$	1,998,569
Depreciation expense		(947,771)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,050,798

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	$	(157,965)
Change in claims payable		88,199
Change in compensated absences		7,921
Change in net pension liability		(444,912)
Amortization expense		48,897
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(457,860)

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

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

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

Bond proceeds	$	(5,000,000)
Bond issuance premium		(767,177)
Capital lease proceeds		(351,234)
Principal payments		
Capital leases		180,988
Bonds payable		1,135,000
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(4,802,423)

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2017, are summarized as follows:

As reported in the Statement of Net Position		
Primary government		
Cash and cash equivalents	$	28,362,656
Investments		430,225
Restricted Assets:		
Cash and cash equivalents		1,611,794
Investments		111,523
Agency fund - Municipal Court		19,326
Component unit - cash and cash equivalents		1,846,890
	$	32,382,414
Cash deposited with financial institutions	$	31,840,666
Cash deposited with Georgia Fund 1		111,523
Investment in U.S. government securities		430,225
	$	32,382,414

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2017, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's and the weighted average maturity was 16 days. At August 31, 2017, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years) Less than 1
Georgia Fund 1	$ 111,523	$ 111,523
U.S. Government Securities	430,225	430,225
Total	$ 541,748	$ 541,748

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.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of August 31, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Government Securities				
Total investments measured at fair value	$ 430,225	$ -	$ -	$ 430,225
Investments not subject to level disclosure				
Georgia Fund 1				$ 111,523
Total Investments				$ 541,748

The Morgan Stanley Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2017, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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	Capital Projects Fund	Nonmajor Governmental	Water and Sewerage	Stormwater	Nonmajor Enterprise	Total
Receivables:							
Taxes	$ 678,935	$ -	$ 40,024	$ -	$ -	$ -	$ 718,959
Accounts	-	-	12,478	2,015,163	345,871	261,627	2,635,139
Due from other govts	423,016	748,766	490,922	-	-	-	1,662,704
Gross receivables	1,101,951	748,766	543,424	2,015,163	345,871	261,627	5,016,802
Less allowance	(596,066)	-	-	(873,660)	(51,405)	(80,091)	(1,601,222)
Net receivables	$ 505,885	$ 748,766	$ 543,424	$ 1,141,503	$ 294,466	$ 181,536	$ 3,415,580

Property Taxes

Property taxes were levied on September 15, 2016 based upon property values assessed as of January 1. The billings were mailed on September 18, 2016 and were payable on or before November 18, 2016, 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 2017 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2017 and collected by October 31, 2017, are recognized as revenues in the year ended August 31, 2017. Net receivables estimated to be collected subsequent to October 31, 2017, are deferred as of August 31, 2017 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 2017 for the City's operations was 15.69 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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 691,851	$ -	$ -	$ -	$ 691,851
Construction in progress	847,728	1,379,058	-	(458,852)	1,767,934
Total capital assets, not being depreciated	1,539,579	1,379,058	-	(458,852)	2,459,785
Capital assets, being depreciated:					
Buildings, grounds, and improvements	11,331,300	-	-	-	11,331,300
Machinery and equipment	1,178,133	17,632	-	-	1,195,765
Infrastructure	13,692,286	234,135	-	458,852	14,385,273
Vehicles	4,219,782	367,744	-	-	4,587,526
Total capital assets, being depreciated	30,421,501	619,511	-	458,852	31,499,864
Less accumulated depreciation for:					
Buildings, grounds, and improvements	(5,132,103)	(278,716)	-	-	(5,410,819)
Machinery and equipment	(889,385)	(64,077)	-	-	(953,462)
Infrastructure	(7,679,744)	(375,642)	-	-	(8,055,386)
Vehicles	(3,188,427)	(229,336)	-	-	(3,417,763)
Total accumulated depreciation	(16,889,659)	(947,771)	-	-	(17,837,430)
Total capital assets, being depreciated, net	13,531,842	(328,260)	-	458,852	13,662,434
Governmental activities capital assets, net	$ 15,071,421	$ 1,050,798	$ -	$ -	$ 16,122,219

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 493,194	$ -	$ -	$ -	$ 493,194
Total capital assets, not being depreciated	493,194	-	-	-	493,194
Capital assets, being depreciated:					
Distribution system	18,757,841	-	-	-	18,757,841
Machinery and equipment	210,198	119,555	-	-	329,753
Infrastructure	940,937	28,250	-	-	969,187
Wastewater treatment capacity	6,374,612	-	-	-	6,374,612
Vehicles	255,880	-	-	-	255,880
Total capital assets, being depreciated	26,539,468	147,805	-	-	26,687,273
Less accumulated depreciation for:					
Distribution system	(9,284,043)	(371,285)	-	-	(9,655,328)
Machinery and equipment	(163,275)	(32,529)	-	-	(195,804)
Infrastructure	(188,051)	(45,450)	-	-	(233,501)
Wastewater treatment capacity	(1,310,337)	(424,975)	-	-	(1,735,312)
Vehicles	(176,108)	(16,399)	-	-	(192,507)
Total accumulated depreciation	(11,121,814)	(890,638)	-	-	(12,012,452)
Total capital assets, being depreciated, net	15,417,654	(742,833)	-	-	14,674,821
Business-type activities capital assets, net	$ 15,910,848	$ (742,833)	$ -	$ -	$ 15,168,015

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

Governmental activities:	
General government	$ 78,097
Judicial	85,152
Public safety	283,233
Public works	425,461
Parks and recreation	75,828
Total depreciation expense - governmental activities	$ 947,771
Business-type activities:	
Water and sewerage	$ 816,687
Stormwater	73,951
Total depreciation expense - business-type activities	$ 890,638

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 286,986	$ -	$ -	$ -	$ 286,986
Total capital assets, not being depreciated	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	(3,901,817)	(232,494)	-	-	(4,134,311)
Furniture	(230,312)	(14,303)	-	-	(244,615)
Machinery and equipment	(113,238)	(4,554)	-	-	(117,792)
Infrastructure	(11,728)	-	-	-	(11,728)
Total accumulated depreciation	(4,257,095)	(251,351)	-	-	(4,508,446)
Total capital assets, being depreciated, net	7,450,259	(251,351)	-	-	7,198,908
Capital assets, net	$ 7,737,245	$ (251,351)	$ -	$ -	$ 7,485,894

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

General obligation bonds outstanding at August 31, 2017, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2017
2010 Certificates of Participation	$ 3,310,000	2.83% - 3.25%	$ 805,000
2014 General Obligation Bonds	8,560,000	2.00% - 4.00%	7,800,000
2017 General Obligation Bonds	5,000,000	2.00% - 5.00%	5,000,000
	$ 16,870,000		$ 13,605,000

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2018	$ 1,510,000	$ 493,800	$ 2,003,800
2019	825,000	477,625	1,302,625
2020	855,000	451,375	1,306,375
2021	895,000	424,125	1,319,125
2022	950,000	395,675	1,345,675
2023-2027	4,405,000	1,487,125	5,892,125
2028-2032	695,000	975,500	1,670,500
2033-2037	930,000	756,700	1,686,700
2038-2042	1,250,000	486,250	1,736,250
2043-2047	1,290,000	133,500	1,423,500
	$ 13,605,000	$ 6,081,675	$ 19,686,675

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, 2017, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2017
2012 Water and Sewerage Revenue Bonds	$ 11,275,000	2.0 - 4.0%	$ 9,020,000

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2018	$ 480,000	$ 310,875	$ 790,875
2019	495,000	298,875	793,875
2020	505,000	284,025	789,025
2021	525,000	268,875	793,875
2022	540,000	268,875	808,875
2023-2027	2,955,000	1,094,650	4,049,650
2028-2032	3,520,000	562,600	4,082,600
	$ 9,020,000	$ 3,088,775	$ 12,108,775

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.

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

As of August 31, 2017, the City reflects a total cost of leased assets of $1,954,000 and accumulated depreciation of $483,930. Total accumulated depreciation of leased assets under capital lease includes current year depreciation expense of $56,932.

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, 2017, were as follows:

Fiscal Year Ending August 31,	Governmental Activities
2018	$ 480,058
2019	480,058
2020	283,700
Total minimum lease payments	1,243,816
Less: amount representing interest	(39,821)
Present value of minimum lease payments	$ 1,203,995

D. Changes in Long-Term Liabilities- Primary Government

Long-term liability activity for the year ended August 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 9,740,000	$ 5,000,000	$ (1,135,000)	$ 13,605,000	$ 1,565,000
Plus: Premium	439,160	767,177	(92,438)	1,113,899	-
Total bonds payable	10,179,160	5,767,177	(1,227,438)	14,718,899	1,565,000
Capital lease	284,983	1,100,000	(180,988)	1,203,995	456,332
Net pension liability	6,690,174	2,332,807	(2,188,699)	6,834,282	-
Claims payable	235,546	153,828	(242,027)	147,347	147,347
Compensated absences	323,086	537,264	(545,185)	315,165	315,165
Governmental activity Long-term liabilities	$ 17,712,949	$ 9,891,076	$ (4,384,337)	$ 23,219,688	$ 2,483,844
Business-type activities:					
Revenue bonds	$ 9,490,000	$ -	$ (470,000)	$ 9,020,000	$ 480,000
Less: Discount	(110,469)	-	11,357	(99,112)	-
Total bonds payable	9,379,531	-	(458,643)	8,920,888	480,000
Net pension liability	598,524	179,676	(287,462)	490,737	
Compensated absences	28,545	38,313	(43,438)	23,420	23,420
Business-type activity Long-term liabilities	$ 10,006,600	$ 217,989	$ (789,543)	$ 9,435,045	$ 503,420

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities- Primary Government (Continued)

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

E. Component Unit

In 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, 2017, are as follows:

	Original Amount	Interest Rate	Balance August 31, 2017
2012 South Fulton Municipal Jail Authority Refunding Revenue Bonds	$ 13,350,000	3.65%	$ 12,150,000

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
2018	$ 310,000	$ 472,126	$ 782,126
2019	315,000	465,877	780,877
2020	325,000	458,393	783,393
2021	620,000	445,338	1,065,338
2022	640,000	426,213	1,066,213
2023-2027	3,560,000	1,771,347	5,331,347
2028-2032	4,345,000	971,508	5,316,508
2033-2036	2,035,000	95,345	2,130,345
	$ 12,150,000	$ 5,106,146	$ 17,256,146

Long-term liability activity for the Authority for the year ended August 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 12,455,000	$ -	$ (305,000)	$ 12,150,000	$ 310,000

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Union City, Georgia, has established a non-contributory defined benefit pension plan (City of Union City Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the three highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership. As of January 1, 2017, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	60
Terminated employees entitled to benefits but not yet receiving them	111
Active plan members	161
Total membership in plan	332

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended August 31, 2017, the City's contribution rate was 18.85% of annual payroll. City contributions to the Plan were $911,893 for the year ended August 31, 2017.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Net Investment rate of return	7.75%

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

The cost of living adjustment is assumed to be 3.00%.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Fixed income	25%	5.05%
Cash	0%	
Total	100%	

*Rates shown are net of the 3.25% assumed rate of inflation

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

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended August 31, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2016	$ 21,389,868	$ 14,101,170	$ 7,288,698
Changes for the year:			
Service cost	376,569	-	376,569
Interest cost	1,622,957	-	1,622,957
Differences between expected and actual experience	381,421		381,421
Contributions-employer	-	794,563	(794,563)
Net investment income	-	1,572,297	(1,572,297)
Benefit payments, including refunds of employee contributions	(896,982)	896,982	-
Administrative expense	-	(22,234)	22,234
Net changes	1,483,965	1,447,644	36,321
Balances at August 31, 2017	$ 22,873,833	$ 15,548,814	$ 7,325,019

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Union City's net pension liability	$ 10,769,299	$ 7,325,019	$ 4,489,555

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2016, and the current sharing pattern of costs between employer and employee.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended August 31, 2017, the City recognized pension expense of $1,221,375. At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,019,558	$ -
Changes in assumptions	-	(94,916)
Net difference between projected and actual earnings on pension plan investments	-	(10,804)
City contributions subsequent to the measurement date	911,893	-
Total	$ 1,931,451	$ (105,720)

City contributions subsequent to the measurement date of $911,893 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending August 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending August 31:	
2018	$ 228,460
2019	228,460
2020	228,460
2021	228,458
Total	$ 913,838

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 $250,298 and the employees' contributions approximated $338,586 for the year ended August 31, 2017.

NOTE 9. DEFICIT FUND BALANCE

The Emergency 911 Fund reported a deficit fund balance in the amount of $10,014 as of August 31, 2017. This deficit will be reduced in future years by reduced expenditures.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2017, are as follows:

	Due From	
	Nonmajor Governmental	Total
Due To		
General Fund	$ 185,441	$ 185,441
Total	$ 185,441	$ 185,441

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

Interfund transfers for the year ended August 31, 2017, consisted of the following:

	Transfer to			
Transfer from	General	Capital Projects Fund	Nonmajor Governmental	Total
General Fund	$ -	$ 655,491	$ 1,810,004	$ 2,465,495
General Obligation Bonds Fund	-	-	106,944	106,944
Nonmajor Governmental	304,641	-	-	304,641
Total	$ 304,641	$ 655,491	$ 1,916,948	$ 2,877,080

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

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2017, $307,735 of hotel/motel tax was collected. Of the total collected in the current and prior years, $123,094 was used for the promotion of tourism within the City. The remainder of the funds collected in prior years remains unspent at year-end.

NOTE 12. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the Official Code of Georgia Annotated (O.C.G.A.) 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, 2017, $145,921 of excise tax was collected and $120,000 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, 2017, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the O.C.G.A., 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. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland St. NE, Atlanta, Georgia 30303.

NOTE 14. JOINTLY GOVERNED ORGANIZATION

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

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the year ended August 31, 2017, the City agreed to pay the Water and Sewer Authority $1,443,604 for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewerage Fund.

As of December 31, 2016, the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using a variable interest rate of 3-5%:

Fiscal Year Ending December 31,	Total	Principal	Interest
2017	$ 2,597,625	$ 1,210,000	$ 1,387,625
2018	2,620,425	1,270,000	1,350,425
2019	2,646,350	1,335,000	1,311,350
2020	2,663,325	1,400,000	1,263,325
2021	2,695,525	1,490,000	1,205,525
2022 - 2026	13,861,625	8,955,000	4,906,625
2027 - 2031	14,508,563	11,905,000	2,603,563
2032 - 2035	6,003,600	5,770,000	233,600
	$ 47,597,038	$ 33,335,000	$ 14,262,038

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 costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

NOTE 18. OTHER POST-EMPLOYMENT BENEFITS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
Total pension liability			
Service cost	**$ 376,569**	$ 364,644	$ 445,614
Interest on total pension liability	**1,622,957**	1,472,322	1,380,840
Differences between expected and actual experience	**381,421**	968,158	333,822
Changes on assumptions	**-**	-	(237,288)
Benefit payments, including refunds of employee contributions	**(896,982)**	(825,925)	(659,221)
Net change in total pension liability	**1,483,965**	1,979,199	1,263,767
Total pension liability - beginning	**21,389,868**	19,410,669	18,146,902
Total pension liability - ending (a)	**$ 22,873,833**	$ 21,389,868	$ 19,410,669
Plan fidicuary net position			
Contributions - employer	**794,563**	1,006,474	942,047
Net investment income	**1,572,297**	145,050	1,404,681
Benefit payments, including refunds of employee contributions	**(896,982)**	(825,925)	(659,221)
Administrative expenses	**(22,234)**	(24,688)	(20,144)
Net change in plan fiduciary net position	**1,447,644**	300,911	1,667,363
Plan fiduciary net position - beginning	**14,101,170**	13,800,259	12,132,896
Plan fidicuay net position - ending (b)	**$ 15,548,814**	$ 14,101,170	$ 13,800,259
City's net pension liability - ending (a) - (b)	**$ 7,325,019**	$ 7,288,698	$ 5,610,410
Plan fidicuary net position as a percentage of the total pension liability	**67.98%**	65.92%	71.10%
Covered-employee payroll	**$ 6,801,085**	$ 6,490,346	$ 6,121,491
City's net pension liability as a percentage of covered-employee payroll	**107.70%**	112.30%	91.65%

Notes to the schedule

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

CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

	2017	2016	2015
Actuarially determined contribution	$ **1,246,093**	$ 1,169,509	$ 1,241,986
Contributions in relation to the actuarially determined contribution	**794,563**	1,006,474	942,047
Contribution deficiency (excess)	$ **451,530**	$ 163,035	$ 299,939
Covered-employee payroll	$ **6,801,085**	$ 6,490,346	$ 6,121,491
Contributions as a percentage of covered-employee payroll	**11.68%**	15.51%	15.39%

Notes to the Schedule

Valuation date	January 1, 2017
Cost method	Projected unit cost
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost-of-living adjustment	3.00%
Amortization method	Closed level dollar for unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years

Notes to the schedule

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

COMBINING STATEMENTS AND SCHEDULES

CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

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

The **2014 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2014 General Obligation Bond Issue.

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

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

CITY OF UNION CITY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017

	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	$ 15,463	$ 45,745	$ 439,944	$ -	$ 264,873	$ 39,833	$ 166,400
Taxes receivable	-	14,089	25,935	-	-	-	-
Accounts receivable	-	-	-	12,478	-	-	-
Due from other governments	-	-	-	-	-	-	280
Prepaid expenditures	-	-	-	165,170	-	-	-
Total assets	$ 15,463	$ 59,834	$ 465,879	$ 177,648	$ 264,873	$ 39,833	$ 166,680
LIABILITIES							
Accounts payable	$ -	$ -	$ 81,629	$ 2,421	$ -	$ -	$ 36,195
Due to others	-	-	-	-	69,122	-	-
Due to other funds	-	-	-	185,241	100	-	-
Total liabilities	-	-	81,629	187,662	69,222	-	36,195
FUND BALANCES (DEFICIT)							
Nonspendable:							
Prepaid expenditures	-	-	-	165,170	-	-	-
Law enforcement	15,463	-	-	-	-	-	130,485
Economic development	-	59,834	384,250	-	-	-	-
Other capital projects	-	-	-	-	-	39,833	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Public safety - jail	-	-	-	-	195,651	-	-
Unassigned	-	-	-	(175,184)	-	-	-
Total fund balances (deficit)	15,463	59,834	384,250	(10,014)	195,651	39,833	130,485
Total liabilities and fund balances	$ 15,463	$ 59,834	$ 465,879	$ 177,648	$ 264,873	$ 39,833	$ 166,680

Capital Projects Funds			Debt Service Funds				
Capital Grants Fund	CDBG Fund	TSPLOST Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	2017 General Obligation Bond	Totals
$ 145,502	$ 10,336	$ 1,112,848	$ 1,469	$ 3,112	$ 323,462	$ 107,001	$ 2,675,988
-	-	-	-	-	-	-	40,024
-	-	-	-	-	-	-	12,478
147,472	55,000	288,170	-	-	-	-	490,922
-	-	-	-	-	-	-	165,170
$ 292,974	$ 65,336	$ 1,401,018	$ 1,469	$ 3,112	$ 323,462	$ 107,001	$ 3,384,582
$ 140,835	$ -	$ -	$ -	$ -	$ -	$ -	$ 261,080
-	-	-	-	-	-	-	69,122
-	-	100	-	-	-	-	185,441
140,835	-	100	-	-	-	-	515,643
-	-	-	-	-	-	-	165,170
-	-	-	-	-	-	-	145,948
-	-	-	-	-	-	-	444,084
152,139	65,336	1,400,918	-	-	-	-	1,658,226
-	-	-	1,469	3,112	323,462	107,001	435,044
-	-	-	-	-	-	-	195,651
-	-	-	-	-	-	-	(175,184)
152,139	65,336	1,400,918	1,469	3,112	323,462	107,001	2,868,939
$ 292,974	$ 65,336	$ 1,401,018	$ 1,469	$ 3,112	$ 323,462	$ 107,001	$ 3,384,582

(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, 2017

	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	$ -	$ 145,921	$ 307,735	$ -	$ -	$ -	$ -
Charges for services	-	-	-	299,812	-	-	-
Sales taxes	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	241,508
Interest revenue	26	-	-	-	-	-	195
Total revenues	26	145,921	307,735	299,812	-	-	241,703
Expenditures:							
Current							
Public safety	4,888	-	-	585,235	94	-	40,641
Public works	-	-	-	-	-	-	367,749
Economic development	-	-	123,094	-	-	-	-
Capital outlay	-	-	-	-	-	11,934	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	4,888	-	123,094	585,235	94	11,934	408,390
Excess (deficiency) of revenues over (under) expenditures	(4,862)	145,921	184,641	(285,423)	(94)	(11,934)	(166,687)
Other financing sources (uses)							
Transfers in	-	-	-	255,075	-	-	121,541
Transfers out	-	(120,000)	(184,641)	-	-	-	-
Total other financing sources (uses)	-	(120,000)	(184,641)	255,075	-	-	121,541
Net change in fund balances	(4,862)	25,921	-	(30,348)	(94)	(11,934)	(45,146)
Fund balances, beginning of year	20,325	33,913	384,250	20,334	195,745	51,767	175,631
Fund balances (deficit), end of year	$ 15,463	$ 59,834	$ 384,250	$ (10,014)	$ 195,651	$ 39,833	$ 130,485

Capital Projects Funds			Debt Service Funds				
Capital Grants Fund	CDBG Fund	TSPLOST Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	2017 General Obligation Bond	Totals
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 453,656
-	-	-	-	-	-	-	299,812
-	-	1,400,918	-	-	-	-	1,400,918
360,356	55,000	-	-	-	-	-	656,864
-	-	-	-	-	481	57	759
360,356	55,000	1,400,918	-	-	481	57	2,812,009
-	-	-	-	-	-	-	630,858
-	-	-	-	-	-	-	367,749
-	-	-	-	-	-	-	123,094
628,814	-	-	-	-	-	-	640,748
-	-	-	-	685,000	450,000	-	1,135,000
-	-	-	-	263,275	35,113	-	298,388
628,814	-	-	-	948,275	485,113	-	3,195,837
(268,458)	55,000	1,400,918	-	(948,275)	(484,632)	57	(383,828)
-	-	-	-	948,275	485,113	106,944	1,916,948
-	-	-	-	-	-	-	(304,641)
-	-	-	-	948,275	485,113	106,944	1,612,307
(268,458)	55,000	1,400,918	-	-	481	107,001	1,228,479
420,597	10,336	-	1,469	3,112	322,981	-	1,640,460
$ 152,139	$ 65,336	$ 1,400,918	$ 1,469	$ 3,112	$ 323,462	$ 107,001	$ 2,868,939

(Concluded)

CITY OF UNION CITY, GEORGIA
GENERAL OBLIGATION BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Interest revenues	$ -	$ 1,865	$ 1,864	$ (1)
Total revenues	-	1,865	1,864	(1)
EXPENDITURES:				
Capital outlay	-	671,454	462,940	208,514
Debt service				
Bond issuance costs	-	198,818	198,818	-
Total expenditures	-	870,272	661,758	208,514
Deficiency of revenues under expenditures	-	(868,407)	(659,894)	208,513
OTHER FINANCING SOURCES:				
Premium on bonds issued	-	767,177	767,177	-
General obligation bonds issued	-	5,000,000	5,000,000	-
Transfers out	-	(160,944)	(106,944)	54,000
Total other financing sources	-	5,606,233	5,660,233	54,000
Net change in fund balance	-	4,737,826	5,000,339	262,513
FUND BALANCES (DEFICIT), beginning of year	(15,036)	(15,036)	(15,036)	-
FUND BALANCES, end of year	$ (15,036)	$ 4,722,790	$ 4,985,303	$ 262,513

CITY OF UNION CITY, GEORGIA
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES:				
Current:				
General government	$ -	$ 28	$ 28	$ -
Capital outlay	764,475	850,364	707,822	142,542
Debt service				
Principal	349,000	252,898	89,259	163,639
Interest	-	10,185	5,308	4,877
Total expenditures	1,113,475	1,113,475	802,417	311,058
Deficiency of revenues under expenditures	(1,113,475)	(1,113,475)	(802,417)	(311,058)
OTHER FINANCING SOURCES:				
Capital leases	-	-	351,234	(351,234)
Transfers in	655,491	655,491	655,491	-
Total other financing sources	655,491	655,491	1,006,725	(351,234)
Net change in fund balance	(457,984)	(457,984)	204,308	(662,292)
FUND BALANCES, beginning of year	616,616	616,616	616,616	-
FUND BALANCES, end of year	$ 158,632	$ 158,632	$ 820,924	$ (662,292)

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Interest	$ -	$ -	$ 26	$ 26
Total revenues	-	-	26	26
EXPENDITURES:				
Public safety	21,290	21,290	4,888	16,402
Total expenditures	21,290	21,290	4,888	16,402
Net change in fund balance	(21,290)	(21,290)	(4,862)	16,428
FUND BALANCES, beginning of year	20,325	20,325	20,325	-
FUND BALANCES, end of year	$ (965)	$ (965)	$ 15,463	$ 16,428

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Other taxes	$ 160,000	$ 160,000	$ 145,921	$ (14,079)
Total revenues	160,000	160,000	145,921	(14,079)
Excess of revenues over expenditures	160,000	160,000	145,921	(14,079)
OTHER FINANCING USES:				
Transfers out	(160,000)	(160,000)	(120,000)	40,000
Total other financing uses	(160,000)	(160,000)	(120,000)	40,000
Net change in fund balance	-	-	25,921	25,921
FUND BALANCES, beginning of year	33,913	33,913	33,913	-
FUND BALANCES, end of year	$ 33,913	$ 33,913	$ 59,834	$ 25,921

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Other taxes	$ 27,000	$ 307,800	$ 307,735	$ (65)
Total revenues	27,000	307,800	307,735	(65)
EXPENDITURES:				
Economic development	110,800	123,158	123,094	64
Total expenditures	110,800	123,158	123,094	64
Excess (deficiency) of revenues over (under) expenditures	(83,800)	184,642	184,641	(1)
OTHER FINANCING USES:				
Transfers out	(166,200)	(184,642)	(184,641)	1
Total other financing uses	(166,200)	(184,642)	(184,641)	1
Net change in fund balance	(250,000)	-	-	-
FUND BALANCES, beginning of year	384,250	384,250	384,250	-
FUND BALANCES, end of year	$ 134,250	$ 384,250	$ 384,250	$ -

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Charges for services	$ 251,000	$ 251,000	$ 299,812	$ 48,812
Total revenues	251,000	251,000	299,812	48,812
EXPENDITURES:				
Public safety	591,010	591,010	585,235	5,775
Total expenditures	591,010	591,010	585,235	5,775
Deficiency of revenues under expenditures	(340,010)	(340,010)	(285,423)	54,587
OTHER FINANCING SOURCES:				
Transfers in	340,010	340,010	255,075	(84,935)
Total other financing sources	340,010	340,010	255,075	(84,935)
Net change in fund balance	-	-	(30,348)	(30,348)
FUND BALANCES, beginning of year	20,334	20,334	20,334	-
FUND BALANCES (DEFICITS), end of year	$ 20,334	$ 20,334	$ (10,014)	$ (30,348)

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, 2017

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES:				
Capital outlay	$ 47,165	$ 47,165	$ 11,934	$ 35,231
Total expenditures	47,165	47,165	11,934	35,231
Net change in fund balance	(47,165)	(47,165)	(11,934)	35,231
FUND BALANCES, beginning of year	51,767	51,767	51,767	-
FUND BALANCES, end of year	$ 4,602	$ 4,602	$ 39,833	$ 35,231

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, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Intergovernmental revenue	$ 996,874	$ 996,874	$ 241,508	$ (755,366)
Interest revenue	-	-	195	195
Total revenues	996,874	996,874	241,703	(755,171)
EXPENDITURES:				
Public safety	857,780	857,780	40,641	817,139
Public works	508,868	508,868	367,749	141,119
Total expenditures	1,366,648	1,366,648	408,390	958,258
Deficiency of revenues under expenditures	(369,774)	(369,774)	(166,687)	203,087
OTHER FINANCING SOURCES:				
Transfers in	222,030	222,030	121,541	(100,489)
Total other financing sources	222,030	222,030	121,541	(100,489)
Net change in fund balance	(147,744)	(147,744)	(45,146)	102,598
FUND BALANCES, beginning of year	175,631	175,631	175,631	-
FUND BALANCES, end of year	$ 27,887	$ 27,887	$ 130,485	$ 102,598

CITY OF UNION CITY, GEORGIA
CAPITAL GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Intergovernmental revenues	$ 1,118,570	$ 1,118,570	$ 360,356	$ (758,214)
Total revenues	1,118,570	1,118,570	360,356	(758,214)
EXPENDITURES:				
Capital outlay	1,501,714	1,501,714	628,814	872,900
Total expenditures	1,501,714	1,501,714	628,814	872,900
Deficiency of revenues under expenditures	(383,144)	(383,144)	(268,458)	114,686
OTHER FINANCING SOURCES:				
Transfers in	383,144	383,144	-	(383,144)
Total other financing sources	383,144	383,144	-	(383,144)
Net change in fund balance	-	-	(268,458)	(268,458)
FUND BALANCES, beginning of year	420,597	420,597	420,597	-
FUND BALANCES, end of year	$ 420,597	$ 420,597	$ 152,139	$ (268,458)

CITY OF UNION CITY, GEORGIA
CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Intergovernmental revenues	$ 55,000	$ 55,000	$ 55,000	$ -
Total revenues	55,000	55,000	55,000	-
Net change in fund balance	55,000	55,000	55,000	-
FUND BALANCES, beginning of year	10,336	10,336	10,336	-
FUND BALANCES, end of year	$ 65,336	$ 65,336	$ 65,336	$ -

CITY OF UNION CITY, GEORGIA
2014 GENERAL OBLIGATION BOND DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES:				
Debt service				
Principal	$ 685,000	$ 685,000	$ 685,000	$ -
Interest	264,475	264,475	263,275	1,200
Total expenditures	949,475	949,475	948,275	1,200
Deficiency of revenues under expenditures	(949,475)	(949,475)	(948,275)	1,200
OTHER FINANCING SOURCES:				
Transfers in	949,475	949,475	948,275	(1,200)
Total other financing sources	949,475	949,475	948,275	(1,200)
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	3,112	3,112	3,112	-
FUND BALANCES, end of year	$ 3,112	$ 3,112	$ 3,112	$ -

CITY OF UNION CITY, GEORGIA
2010 CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Interest revenues	$ 75	$ 75	$ 481	$ 406
Total revenues	75	75	481	406
EXPENDITURES:				
Debt service				
Principal	450,000	450,000	450,000	-
Interest	35,113	35,113	35,113	-
Total expenditures	485,113	485,113	485,113	-
Deficiency of revenues under expenditures	(485,038)	(485,038)	(484,632)	406
OTHER FINANCING SOURCES:				
Transfers in	485,038	485,038	485,113	75
Net change in fund balance	-	-	481	481
FUND BALANCES, beginning of year	322,981	322,981	322,981	-
FUND BALANCES, end of year	$ 322,981	$ 322,981	$ 323,462	$ 481

CITY OF UNION CITY, GEORGIA
NONMAJOR ENTERPRISE FUNDS

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

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2017

	Criminal Justice Management Fund	Sanitation Fund	Totals
ASSETS			
Cash and cash equivalents	$ 691,725	$ 501,523	$ 1,193,248
Accounts receivable, net of allowances	-	181,536	181,536
Prepaid expenses	7,526	-	7,526
Total assets	699,251	683,059	1,382,310
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	4,924	-	4,924
Pension contributions subsequent to measurement date	4,404	-	4,404
Total deferred outflows of resources	9,328	-	9,328
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	77,626	100,509	178,135
Accrued liabilities	758	-	758
Compensated absences	1,434	-	1,434
Due to component unit	289,364	-	289,364
Total current liabilities	369,182	100,509	469,691
NONCURRENT LIABILITIES			
Net pension liability	35,376	-	35,376
Total noncurrent liabilities	35,376	-	35,376
Total liabilities	404,558	100,509	505,067
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	458	-	458
Pension investment return	53	-	53
Total deferred inflows of resources	511	-	511
NET POSITION			
Unrestricted	303,510	582,550	886,060
Total net position	$ 303,510	$ 582,550	$ 886,060

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Criminal Justice Management Fund	Sanitation Fund	Totals
OPERATING REVENUES			
Charges for services	$ 560,556	$ 1,319,424	$ 1,879,980
Other charges	-	89,971	89,971
Total operating revenues	560,556	1,409,395	1,969,951
OPERATING EXPENSES			
Purchased or contracted services	464,826	1,178,155	1,642,981
Total operating expenses	464,826	1,178,155	1,642,981
Change in net position	95,730	231,240	326,970
NET POSITION, beginning of year	207,780	351,310	559,090
NET POSITION, end of year	$ 303,510	$ 582,550	$ 886,060

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Criminal Justice Management Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 556,739	$ 1,476,936	$ 2,033,675
Payments to suppliers	(446,604)	(1,175,238)	(1,621,842)
Net cash provided by operating activities	110,135	301,698	411,833
Change in cash and cash equivalents	110,135	301,698	411,833
Cash and cash equivalents:			
Beginning of year	581,590	199,825	781,415
End of year	$ 691,725	$ 501,523	$ 1,193,248
Classified as:			
Cash and cash equivalents	$ 691,725	$ 501,523	$ 1,193,248

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

(Continued)

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Criminal Justice Management Fund	Sanitation Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 95,730	$ 231,240	$ 326,970
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Decrease in accounts receivable	-	67,541	67,541
Decrease in due from others	169	-	169
Increase in accounts payable	27,597	2,917	30,514
Decrease in accrued liabilities	(2,137)	-	(2,137)
Decrease in due to component unit	(3,986)	-	(3,986)
Increase in net pension liability	288	-	288
Net cash provided by operating activities	$ 110,135	$ 301,698	$ 411,833

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

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, 2017

	Balance September 1, 2016	Additions	Deletions	Balance August 31, 2017
MUNICIPAL COURT FUND				
ASSETS				
Cash and cash equivalents	24,203	1,707,069	1,711,946	19,326
Total assets	$ 24,203	$ 1,707,069	$ 1,711,946	$ 19,326
LIABILITIES				
Due to others	24,203	1,707,069	1,711,946	19,326
Total liabilities	$ 24,203	$ 1,707,069	$ 1,711,946	$ 19,326

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	784,430
Refunds of prepaid expenditures		680,644
Net cash provided by operating activities		1,465,074
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds		(305,000)
Interest paid		(477,231)
Net cash used in capital and related financing activities		(782,231)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received		36
Net cash provided by investing activities		36
Change in cash and cash equivalents		682,879
Cash and cash equivalents:		
Beginning of year		1,164,011
End of year	$	1,846,890
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	525,737
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense		251,351
Changes in assets and liabilities:		
Decrease in due from primary government		3,986
Increase in due to primary government		684,000
Net cash provided by operating activities	$	1,465,074

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 ..... **87 - 93**
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 ..... **94 - 97**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **98 - 102**
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 ..... **103 and 104**
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 ..... **105 - 107**
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.

CITY OF UNION CITY, GEORGIA

NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 7,689,065	$ 5,125,892	$ 4,350,167	$ 2,298,610	$ 2,363,313	$ 2,046,237	$ 3,597,239	$ 3,531,201	$ 5,049,949	$ 598,455
Restricted	9,279,559	6,867,079	4,645,673	857,484	1,478,182	1,734,932	1,879,206	2,088,414	2,040,997	8,394,962
Unrestricted	792,593	2,179,160	2,692,528	3,697,905	1,603,503	(102,458)	1,903,353	2,254,399	5,350,512	9,888,086
Total governmental activities net position	$ 17,761,217	$ 14,172,131	$ 11,688,368	$ 6,853,999	$ 5,444,998	$ 3,678,711	$ 7,379,798	$ 7,874,014	$ 12,441,458	$ 18,881,503
Business-type activities										
Net investment in capital assets	$ 7,440,803	$ 7,463,759	$ 12,298,174	$ 11,905,504	$ 9,993,975	$ 10,385,111	$ 8,901,118	$ 7,991,837	$ 7,209,006	$ 6,757,926
Restricted	3,033,885	2,455,231	-	-	-	925,910	2,059,130	1,970,454	1,834,024	1,535,293
Unrestricted	5,473,100	5,180,074	255,748	(532,061)	824,012	964,801	1,038,859	862,585	1,921,057	3,327,110
Total business-type activities net position	$ 15,947,788	$ 15,099,064	$ 12,553,922	$ 11,373,443	$ 10,817,987	$ 12,275,822	$ 11,999,107	$ 10,824,876	$ 10,964,087	$ 11,620,329
Primary government										
Net investment in capital assets	$ 15,129,868	12,589,651	$ 16,648,341	$ 14,204,114	$ 12,357,288	$ 12,431,348	$ 12,498,357	$ 11,523,038	12,258,955	$ 7,356,381
Restricted	12,313,444	9,322,310	4,645,673	857,484	1,478,182	2,660,842	3,938,336	4,058,868	3,875,021	9,930,255
Unrestricted	6,265,693	7,359,234	2,948,276	3,165,844	2,427,515	862,343	2,942,212	3,116,984	7,271,569	13,215,196
Total primary government net position	$ 33,709,005	$ 29,271,195	$ 24,242,290	$ 18,227,442	$ 16,262,985	$ 15,954,533	$ 19,378,905	$ 18,698,890	$ 23,405,545	$ 30,501,832

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Primary government:										
Governmental activities:										
General government	$ 2,165,072	$ 2,009,015	$ 2,490,131	$ 2,197,152	$ 2,211,266	$ 2,470,084	$ 2,054,613	$ 2,468,658	$ 2,424,138	$ 2,444,499
Judicial	451,217	421,864	426,544	467,691	468,800	452,295	436,347	383,138	444,132	454,518
Public safety	9,213,893	9,373,021	9,806,401	10,127,843	10,193,857	9,865,376	9,590,617	8,941,842	9,852,273	10,242,974
Public works	3,691,120	5,679,502	3,034,056	4,906,720	2,818,491	1,766,343	1,611,785	2,005,906	2,329,099	2,168,984
Community services	282,661	107,786	-	-	-	-	-	-	-	-
Parks and recreation	164,471	207,907	330,248	443,054	447,059	495,841	523,992	473,370	522,901	551,401
Economic development	578,176	551,982	932,850	643,677	815,159	832,622	751,348	710,296	684,237	646,318
Interest on long-term debt	902,731	875,728	839,703	665,503	666,233	591,502	531,627	329,512	221,368	422,825
Issuance cost on long-term debt	-	-	-	-	-	-	-	183,416	-	198,818
Total governmental activities expenses	17,449,341	19,226,805	17,859,933	19,451,640	17,620,865	16,474,063	15,500,329	15,496,138	16,478,148	17,130,337
Business-type activities:										
Water and sewerage	5,152,911	5,954,684	6,551,474	5,961,017	6,651,946	6,690,719	7,279,343	7,137,318	-	7,178,488
Sanitation	1,148,749	1,191,681	700,470	677,006	763,164	736,123	611,799	1,063,063	1,493,200	1,642,981
Stormwater	-	-	-	-	-	55,470	223,238	1,685,368	734,022	271,592
Criminal justice management	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	10,093,256	10,959,702	10,820,808	9,527,081	10,802,885	9,854,717	8,479,835	9,885,749	2,227,222	9,093,061
Total primary government expenses	27,542,597	30,186,507	28,680,741	28,978,721	28,423,750	26,328,780	23,980,164	25,381,887	18,705,370	26,223,398
Program revenues:										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,897,836	1,548,023	1,714,518	1,472,105	1,479,642	1,745,430	1,894,426	2,125,471	2,378,255	2,352,516
Judicial	87,276	155,137	158,576	128,438	137,908	130,030	77,926	43,564	61,063	46,479
Public safety	1,934,062	1,929,612	2,009,280	1,856,768	1,757,157	1,413,518	1,224,270	938,139	1,036,884	935,486
Public works	-	-	-	-	-	-	-	19,355	19,066	13,977
Community services	6,441	1,880	-	-	-	-	-	-	-	-
Parks and recreation	-	-	10,053	58,992	69,132	66,116	59,616	52,069	58,800	69,765
Economic development	19,980	8,924	8,917	9,585	6,425	8,790	29,430	47,051	29,773	89,294
Operating grants and contributions	658,445	1,449,588	533,300	495,636	778,084	501,184	237,834	113,940	29,930	40,612
Capital grants and contributions	-	110,000	50,000	98,986	461,879	270,551	213,471	386,851	545,682	616,252
Total governmental activities program revenues	$ 4,604,040	$ 5,203,164	$ 4,484,644	$ 4,120,510	$ 4,690,227	$ 4,135,619	$ 3,736,973	$ 3,726,440	$ 4,159,453	$ 4,164,381

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services	$ 8,800,053	$ 9,961,600	$ 8,242,375	$ 8,750,735	$ 10,664,099	$ 9,733,232	$ 8,919,049	$ 9,202,096	$ 10,100,193	$ 9,742,564
Total business-type activities program revenues	8,800,053	9,961,600	8,242,375	8,750,735	10,664,099	9,733,232	8,919,049	9,202,096	10,100,193	9,742,564
Total primary government program revenues	13,404,093	15,164,764	12,727,019	12,871,245	15,354,326	13,868,851	12,656,022	12,928,536	14,259,646	13,906,945
Net (expense)/ revenue										
Governmental activities	(12,845,301)	(14,023,641)	(13,375,289)	(15,331,130)	(12,930,638)	(12,338,444)	(11,763,356)	(11,769,698)	(12,318,695)	(12,965,956)
Business-type activities	(1,293,203)	(998,102)	(2,578,433)	(776,346)	(138,786)	(121,485)	439,214	(683,653)	7,872,971	649,503
Total primary government net expense	(14,138,504)	(15,021,743)	(15,953,722)	(16,107,476)	(13,069,424)	(12,459,929)	(11,324,142)	(12,453,351)	(4,445,724)	(12,316,453)
General revenues and other changes in net position:										
Primary government:										
Governmental activities										
Property taxes	5,464,985	5,667,102	5,891,035	5,314,492	5,608,053	5,619,122	7,582,758	7,656,577	8,747,818	9,791,509
Sales taxes	3,065,531	2,628,353	2,825,733	2,753,242	3,010,345	3,015,388	4,506,448	5,051,758	5,079,836	6,524,359
Insurance premium tax	635,191	650,407	644,340	625,579	912,568	969,300	1,003,618	1,049,733	1,121,467	1,214,767
Alcoholic beverage taxes	10,595	4,117	4,860	11,754	17,208	19,393	21,659	25,439	21,220	21,216
Other taxes	305,218	323,516	275,659	229,639	311,868	341,579	415,704	457,764	453,738	453,656
Franchise taxes	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897	1,360,726
Unrestricted investment earnings	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119	39,768
Transfers	1,000,000	-	-	426,000	439,000	(157,492)	734,627	59,591	64,044	-
Total governmental activities general revenues and other changes in net position	12,027,846	10,434,555	10,891,526	10,496,761	11,521,637	10,971,762	15,464,443	15,514,795	16,886,139	19,406,001
Business-type activities										
Unrestricted investment earnings	214,256	149,378	33,291	21,867	22,330	5,320	18,698	-	22,317	6,739
Transfers	(1,000,000)	-	-	(426,000)	(439,000)	157,492	(734,627)	(59,591)	(64,044)	-
Total business-type activities general revenues and other changes in net position	$ (785,744)	$ 149,378	$ 33,291	$ (404,133)	$ (416,670)	$ 162,812	$ (715,929)	$ (59,591)	$ (41,727)	$ 6,739

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Change in Net Position										
Governmental activities	$ (817,455)	$ (3,589,086)	$ (2,483,763)	$ (4,834,369)	$ (1,409,001)	$ (1,366,682)	$ 3,701,087	$ 3,745,097	$ 4,567,444	$ 6,440,045
Business-type activities	(2,078,947)	(848,724)	(2,545,142)	(1,180,479)	(555,456)	41,327	(276,715)	(743,244)	7,831,244	656,242
Total primary government change in net position	$ (2,896,402)	$ (4,437,810)	$ (5,028,905)	$ (6,014,848)	$ (1,964,457)	$ (1,325,355)	$ 3,424,372	$ 3,001,853	$ 12,398,688	$ 7,096,287

CITY OF UNION CITY, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ 400,724	$ 284,974	$ 1,753,827	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	8,151,735	7,146,163	4,050,270	-	-	-	-	-	-	-
Nonspendable	-	-	-	3,340,966	1,069,319	294,883	299,762	374,667	371,200	452,918
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	366,464	779,072	659,313	2,913,410	6,451,766	10,052,404	14,123,277
Total general fund	$ 8,552,459	$ 7,431,137	$ 5,804,097	$ 3,707,430	$ 1,848,391	$ 954,196	$ 3,213,172	$ 6,826,433	$ 10,423,604	$ 14,576,195
All Other Governmental Funds										
Reserved	$ 9,279,559	$ 6,867,079	$ 4,302,707	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	1,026,311	1,304,291	996,461	-	-	-	-	-	-	-
Capital projects funds	(7,697)	(7,344)	20,259	-	-	-	-	-	-	-
Debt service funds	860,914	859,846	345,518	-	-	-	-	-	-	-
Nonspendable, reported in:										
Special revenue funds	-	-	-	-	12,604	-	-	198,204	165,170	165,170
Capital projects funds	-	-	-	-	6,250	-	-	-	-	94,567
Restricted, reported in:										
Special revenue funds	-	-	-	510,589	326,324	266,446	600,367	681,707	665,886	629,865
Capital projects funds	-	-	-	2,350,414	1,974,957	1,148,622	957,267	1,102,894	1,047,549	5,929,135
Debt service funds	-	-	-	346,559	341,615	319,864	321,572	323,813	327,562	1,835,962
Assigned, reported in:										
Special revenue funds	-	-	-	239,065	219,307	195,904	195,904	195,858	195,745	195,651
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	(144,836)		(144,836)	(175,184)
Capital projects funds	-	-	-	-	-	(37,592)	(15,036)	(177,870)	(15,036)	-
Debt service fund	-	-	-	-	-	-	-	(38)	-	-
Total all other governmental funds	$ 11,159,087	$ 9,023,872	$ 5,664,945	$ 3,446,627	$ 2,881,057	$ 1,893,244	$ 1,915,238	$ 2,324,568	$ 2,242,040	$ 8,675,166

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	$ 5,409,449	$ 5,604,176	$ 5,543,663	$ 5,673,239	$ 5,571,360	$ 5,650,963	$ 7,315,208	$ 8,069,214	$ 8,751,035	$ 9,727,696
Sales taxes	-	-	-	-	-	-	-	-	-	6,524,359
Other taxes	4,016,535	3,565,186	3,750,593	3,664,155	4,251,989	4,345,660	5,947,429	6,584,694	6,676,261	1,689,639
Charges for services	441,496	475,609	509,548	548,195	479,612	471,330	506,748	464,498	481,364	643,280
Licenses and permits	1,734,041	1,476,682	1,647,128	1,377,168	1,439,821	1,632,620	1,778,056	2,038,210	2,252,917	2,217,042
Intergovernmental	209,286	216,189	168,100	223,481	873,332	759,641	436,801	500,791	575,612	656,864
Franchise taxes	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897	1,360,726
Fines and forfeitures	1,414,294	1,497,840	1,589,500	1,484,361	1,404,660	1,134,879	890,810	642,156	730,864	550,815
Interest revenue	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119	39,768
Rental income	18,623	13,500	12,609	13,030	13,785	20,425	18,870	20,311	18,346	19,461
Other revenues	786,300	1,523,344	557,758	474,275	479,017	116,724	105,688	60,474	100,350	76,919
Total revenues	$ 15,576,350	$ 15,533,586	$ 15,028,798	$ 14,593,959	$ 15,736,171	$ 15,296,714	$ 18,199,239	$ 19,594,281	$ 20,984,765	$ 23,506,569
Expenditures										
Current:										
General government	$ 2,144,343	$ 1,973,574	$ 2,573,528	$ 2,174,146	$ 2,137,715	$ 2,050,824	$ 1,927,849	$ 2,152,585	$ 2,582,460	$ 2,858,582
Judicial	365,858	330,968	342,954	384,047	377,543	360,126	341,796	298,711	357,346	361,155
Public safety	9,090,607	8,791,779	9,625,312	9,703,075	9,673,917	9,224,427	8,825,056	8,711,449	9,155,803	9,370,391
Public works	2,202,933	1,723,615	1,713,341	1,727,828	1,574,058	1,390,823	1,423,334	1,584,853	1,799,620	1,708,825
Community services	282,233	107,712	-	-	-	-	-	-	-	-
Parks and recreation	93,949	118,604	245,778	376,373	338,913	368,894	374,883	359,452	384,182	453,919
Economic development	574,168	547,596	932,850	643,677	796,900	817,605	751,348	710,296	684,237	646,318
Capital outlay	1,711,421	4,365,198	2,533,517	4,083,991	1,576,565	1,393,579	507,667	403,015	735,032	1,811,510
Debt service:										
Principal	750,000	815,000	6,180,687	1,079,492	1,623,662	1,728,241	1,772,797	1,310,580	1,458,601	1,315,988
Interest	905,202	870,077	856,817	662,315	660,550	617,203	568,294	280,212	356,885	313,757
Bond issuance costs	-	-	176,033	-	-	-	-	183,416	-	198,818
Total expenditures	18,120,714	19,644,123	25,180,817	20,834,944	18,759,823	17,951,722	16,493,024	15,994,569	17,514,166	19,039,263
Excess (deficiency) of revenues over (under) expenditures	(2,544,364)	(4,110,537)	(10,152,019)	(6,240,985)	(3,023,652)	(2,655,008)	1,706,215	3,599,712	3,470,599	4,467,306

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Bond issuance	$ -	$ -	$ 5,065,000	$ -	$ -	$ -	$ -	$ 8,560,000	$ -	$ 5,000,000
Premium on bonds	-	-	101,052	-	-	-	-	525,671	-	767,177
Payment to escrow agent	-	-	-	-	-	-	-	(8,902,255)	-	-
Capital lease	-	854,000	-	1,500,000	160,043	-	-	-	-	351,234
Transfers in	3,799,426	1,842,574	6,406,225	2,656,524	2,954,516	3,174,200	3,296,255	2,741,365	3,260,132	2,877,080
Transfers out	(2,799,426)	(1,842,574)	(6,406,225)	(2,230,524)	(2,515,516)	(2,401,200)	(2,561,628)	(2,681,774)	(3,196,088)	(2,877,080)
Total other financing sources (uses)	1,000,000	854,000	5,166,052	1,926,000	599,043	773,000	734,627	243,007	64,044	6,118,411
Net change in fund balances	$ (1,544,364)	$ (3,256,537)	$ (4,985,967)	$ (4,314,985)	$ (2,424,609)	$ (1,882,008)	$ 2,440,842	$ 3,842,719	$ 3,534,643	$ 10,585,717
Debt service as a percentage of noncapital expenditures	9.7%	9.0%	30.1%	8.9%	12.9%	13.9%	14.8%	9.9%	10.2%	9.6%

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
		Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2008	$ 536,580,690	$ 35,067,121	$ 26,254,620	$ 5,107,421	$ 603,009,852	$ 1,507,524,630	9.50	40%
2009	535,807,660	30,541,970	27,390,550	5,570,295	599,310,475	1,498,276,188	9.50	40%
2010	479,324,440	24,496,587	27,643,090	5,516,443	536,980,560	1,342,451,400	9.50	40%
2011	435,644,030	55,138,458	25,604,340	5,532,947	521,919,775	1,304,799,438	10.24	40%
2012	451,574,153	50,036,827	26,687,160	6,754,886	535,053,026	1,337,632,565	10.60	40%
2013	433,339,950	38,398,892	27,653,800	6,905,395	506,298,037	1,265,745,093	15.60	40%
2014	428,501,870	29,682,537	21,982,160	7,116,549	487,283,116	1,218,207,790	15.69	40%
2015	483,920,600	43,726,218	14,538,020	7,250,890	549,435,728	1,373,589,320	15.69	40%
2016	513,015,770	93,676,001	(a) 10,305,160	6,870,151	623,867,082	1,559,667,705	15.69	40%
2017	590,981,340	82,632,163	7,063,210	8,163,077	688,839,790	1,722,099,475	16.43	40%

SOURCE: Fulton County Tax Assessor

(a) Increase is due to the relocation of Google, Inc. to Union City. This added $37,677,981 of additional assessed value for personal property.

CITY OF UNION CITY, GEORGIA

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

	Direct Rates			Overlapping Rates			Total
	City of Union City						Direct and
Tax Digest Year	Operating Millage	Debt Service	Total	State of Georgia	Fulton County	County School System	Overlapping Millage Rates
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	12.05	18.50	46.39
2015	13.412	2.280	15.692	0.05	10.75	18.50	44.99
2016	14.572	1.120	15.692	0.00	10.70	18.48	34.18
2017	14.665	1.760	16.425	0.00	10.63	18.55	45.60

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	
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%	315,978	5,364,802	99.90%	5,110
2010	5,316,893	4,803,669	90.35%	451,720	5,255,389	98.84%	61,504
2011	4,759,160	4,533,053	95.25%	199,034	4,732,087	99.43%	270,073
2012	5,102,178	4,797,313	94.02%	250,800	5,048,113	98.94%	54,065
2013	5,351,680	5,235,029	97.82%	74,507	5,309,536	99.21%	42,144
2014	6,989,117	6,503,551	93.05%	436,456	6,940,007	99.30%	49,110
2015	7,011,056	6,811,199	97.15%	133,821	6,945,020	99.06%	66,036
2016	8,176,456	7,983,582	97.64%	97,043	8,080,625	98.83%	95,831
2017	9,219,975	9,090,025	98.59%	-	9,090,025	98.59%	129,950

CITY OF UNION CITY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2017			2008		
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	$ 137,016,211	1	19.89%	$ 25,637,660	1	7.92%
Google Inc	29,982,763	2	4.35%			
Proctor & Gamble Distributing	16,875,373	3	2.45%			
Hunter Road Industrial LLC	12,371,360	4	1.80%			
ROC III GA Legacy Ridge LLC	11,358,280	5	1.65%			
Walmart Stores Inc	10,627,810	6	1.54%			
Dendreon Pharmaceuticals Inc	9,683,675	7	1.41%			
South Fulton Parkway LLC	8,659,520	8	1.26%	8,730,960	5	2.70%
Northwestern Mutual Life	8,327,480	9	1.21%	9,296,920	4	2.87%
USEF I 85 Distribution Center	7,800,000	10	1.13%			
Shannon Mall Investments LLC				9,915,970	2	3.06%
Royal Eighty Five LLC				9,363,920	3	2.89%
AEW LT Hunter Road LLC				8,355,060	6	2.58%
Thurman Investments LLC				8,000,000	7	2.47%
Costco Wholesale Corp				7,682,000	8	2.37%
CM Buffington Road LLC				5,997,600	9	1.85%
Wyndsor Forest Apartments LLC				5,412,360	10	1.67%
	$ 252,702,472		36.69%	$ 98,392,450		30.38%

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				
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	1.12%	693.27	10,840,000	25,052,634	1.98%	6.64%	1,222.02
2014	10,025,521	2,060,000	459,164	-	1.03%	613.19	10,400,000	22,944,685	1.88%	6.50%	1,121.55
2015	9,963,689	1,675,000	373,584	-	0.87%	592.91	9,827,833	21,840,106	1.59%	6.25%	1,077.99
2016	8,924,160	1,255,000	284,983	-	0.67%	502.96	9,379,531	19,843,674	1.27%	5.75%	953.79
2017	13,913,899	805,000	1,203,995	-	0.92%	774.46	8,920,888	24,843,782	1.44%	6.99%	1,208.36

CITY OF UNION CITY, GEORGIA

RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population	Property Assessed Value	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Restricted Debt Service Funds	Net Bonded Debt		
2008	16,771	$ 603,009,852	$ 14,275,000	$ 2,207,468	$ 12,067,532	2.00%	719.55
2009	16,961	599,310,475	13,665,000	1,219,369	12,445,631	2.08%	733.78
2010	16,961	536,980,560	12,900,000	1,161,632	11,738,368	2.19%	692.08
2011	19,456	521,919,775	12,190,000	792,417	11,397,583	2.18%	585.81
2012	20,079	535,053,026	11,470,000	786,676	10,683,324	2.00%	532.06
2013	20,501	506,298,037	10,715,000	350,864	10,364,136	2.05%	505.54
2014	20,458	487,283,116	10,025,521	351,615	9,673,906	1.99%	472.87
2015	20,260	549,435,728	9,963,689	323,813	9,639,876	1.75%	475.81
2016	20,805	623,867,082	8,924,160	327,720	8,596,440	1.38%	413.19
2017	20,560	688,839,790	13,913,899	435,044	13,478,855	1.96%	655.59

CITY OF UNION CITY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	$ 60,300,985	$ 59,931,048	$ 53,698,056	$ 52,191,978	$ 56,858,181	$ 49,493,881	$ 48,728,312	$ 54,943,573	$ 62,386,708	$ 68,883,979
Total net debt applicable to limit	17,199,086	16,383,154	15,048,433	14,412,583	13,413,324	12,774,136	12,223,113	11,314,876	9,581,440	14,283,855
Legal Debt Margin	$ 43,101,899	$ 43,101,899	$ 38,649,623	$ 37,779,395	$ 43,444,857	$ 36,719,745	$ 36,505,199	$ 43,628,697	$ 52,805,268	$ 54,600,124
Total net debt applicable to the limit as a percentage of debt limit	28.52%	28.52%	28.02%	27.61%	23.59%	25.81%	25.08%	20.59%	15.36%	20.74%

Assessed Value	$ 688,839,790
Debt limit (10% of assessed value)	68,883,979
Debt applicable to limit:	
General obligation bonds and certificates of participation	14,718,899
Less: Amount set aside for repayment of general obligation debt	(435,044)
Total net debt applicable to limit	14,283,855
Legal debt margin	$ 54,600,124

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

CITY OF UNION CITY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2017

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable [(a)]	Amount Applicable to the City of Union City
Fulton County, Georgia- Overlapping Debt			
Certificates of Participation	$ 55,275,000	1.16%	$ 643,144
Library General Obligation Bonds	167,000,000	1.16%	1,943,104
Economic Recovery Zone Bonds	21,291,000	1.16%	247,728
Fulton County School District - Overlapping Debt	55,870,000	1.16%	650,067
Subtotal, overlapping debt			3,484,043
South Fulton Regional Jail Authority			12,150,000
City of Union City, Georgia - Direct Debt			13,605,000
City of Union City, Georgia - Capital Leases			1,203,995
Total Direct and Overlapping Debt			$ 30,443,038

SOURCES: Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2016) 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 TEN YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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	4,885,824 (3)	1,625,584	435,000	358,325	2.05
2014	6,509,855	5,375,472	1,134,383	440,000	349,626	1.44
2015	6,919,542	5,218,226	1,701,316	450,000	342,466	2.15
2016	7,445,937	5,794,179	1,651,758	460,000	341,989	2.06
2017	7,057,558	5,387,243	1,670,315	470,000	332,024	2.08

(1) Bonds were paid off in 2010.
(2) 2012 Series Bond issued during FY 2012.
(3) Operating expenses include one time fee of $6,374,613 paid to Fulton County for additional capacity at Camp Creek Water Reclamation Facility.

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

CITY OF UNION CITY, GEORGIA

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]
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
2015	20,260	349,525,520	17,252	30.0	6.24%	3,547
2016	20,805	345,175,755	16,591	30.4	5.00%	3,547
2017	20,560	355,605,760	17,296	31.2	7.90%	3,627

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 NINE YEARS AGO

	2017			2008		
Business	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Wal Mart	550	1	9.19%	396	2	22.00%
Kraft Foods / Excel Logistics	355	2	5.93%			
Premier Club Apartments	251	3	4.19%			
Amazon	246	4	4.11%			
Christian City / Pruitt Health	236	5	3.94%	551	1	30.61%
Newell Rubbermaid	219	6	3.66%			
UFP Union City, LLC	162	7	2.71%	185	4	10.28%
G E Energy Parts Inc	140	8	2.34%			
XPO Logistics Worldwide	139	9	2.32%			
Nissan of Union City	132	10	2.20%			
Mortenson Woodworking				165	5	9.17%
Gene Evans Team Ford				200	3	11.11%
Sears				144	6	8.00%
Kroger				103	7	5.72%
Nalley Honda				95	8	5.28%
Delmonte Corp				92	9	5.11%
Cracker Barrel				80	10	4.44%

SOURCE: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
General Government										
Administration	3	3	2	1	3	3	3	2	2	2
City Clerk	7	7	2	2	2	2	2	1	2	1
Finance	8	10	4	4	4	4	4	5	6	6
Finance- water and sewer			5	5	6	6	5	4	4	4
Human Resources	2	2	2	2	1	2	2	1	2	2
Information Technology	-	-	-	1	2	2	2	1	1	1
Judicial										
Municipal Court	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Leisure Services	1	1	-	-	-	-	-	-	-	-
Housing and Development										
Planning Department	4	3	3	3	2	1	2	3	3	3
Public Safety										
Police	67	61	62	61	61	57	54	58	65	63
Fire	47	48	52	49	51	46	46	47	50	48
Jail	50	48	44	50	42	-	1	1	1	1
E-911 Communications	11	12	10	10	9	10	8	-	-	-
Public Works										
Building and Grounds	2	3	3	3	4	3	3	1	4	3
Code Enforcement	4	4	4	4	4	4	3	2	3	3
Roads and Bridges	17	17	20	17	16	12	13	13	14	14
Water and Sewer	12	12	12	10	9	10	10	9	9	9
Parks and Recreation	3	3	3	3	6	6	5	4	5	4
Operations	-	-	1	2	-	-	1	1	1	2
Total	242	238	233	231	226	172	168	157	176	170

SOURCE: Human Resources

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

CITY OF UNION CITY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	Calendar Year 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Inspections Conducted	770	817	720	948	948	998	879	756	3	1,171
Police										
Number of Law Violations										
Physical Arrests	1,801	2,742	2,256	2,437	2,437	1,816	1,028	1,263	907	812
Traffic and Parking Violations	16,089	16,550	12,597	15,006	15,006	8,673	6,257	6,067	5,078	3,391
Public Service - Sewerage System										
Daily Average Treatment in Gallons	1,740,000	1,500,000	1,663,372	1,553,414	1,553,414	1,922,000	1,922,000	1,922,000	1,922,000	1,715,000
Max. Daily Capacity of Plant in Gallons	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	3,713,000	3,713,000	3,713,000	3,713,000	3,982,200
Service Connections	4,074	4,500	4,500	4,206	4,206	4,100	4,100	4,100	4,100	4,100
Public Service - Streets										
Highway and Streets Resurfacing	18	21	15	17	17	6	5	3	2	0
Public Service - Water System										
Daily Average Consumption in Gallons	1,170,000	1,180,000	1,180,000	1,200,000	1,200,000	1,110,000	1,110,000	1,110,000	1,200,000	1,357,672
Max. Daily Capacity of Plant in Gallons	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased
Service Connections	4,460	4,500	4,500	4,523	4,523	4,500	4,506	4,506	4,506	4,506

SOURCE: Various City Departments

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

CITY OF UNION CITY, GEORGIA

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Culture and Recreation										
Park Acreage	22	22	22	22	34	34	34	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	2	2	2	2	2	5	5	5	5	5
Community Centers & Depot	2	2	2	2	2	2	2	2	2	2
Fire										
Fire Stations	2	2	3	3	3	3	3	3	3	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	30	48	48	48	48	48	56	56	64	68
Patrol Zones	5	4	5	5	5	5	5	5	5	5
Public Service - Sewerage System										
Sanitary Sewer (Miles)	76.0	76.0	79.9	79.9	79.9	79.9	90	90	90	90
Treatment Plants	0	0	0	0	0	0	0	0	0	0
Public Service - Streets										
Streets (Miles)	90.0	90.0	115.1	115.1	115.1	115.1	115.7	115.7	115.7	115.7
Streets (Lights)	912	912	912	912	1,068	1,188	1188	1188	1223	1205
Public Service - Water System										
Water Mains (Miles)	68	68	69	69	69	68	80	80	80	80
Number of Fire Hydrants	565	796	538	540	540	565	591	591	591	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 *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, 2017, 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 25, 2018.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
February 25, 2018

CITY OF UNION CITY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

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, 2017 due to the City not expending $750,000 in federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF UNION CITY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.