CITY OF UNION POINT, GEORGIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

CITY OF UNION POINT, GEORGIA

TABLE OF CONTENTS
SEPTEMBER 30, 2014

Page

INDEPENDENT AUDITOR'S REPORT ..... 1 – 3

MANAGEMENT'S DISCUSSION & ANALYSIS ..... 4 – 12

FINANCIAL STATEMENTS

Government-wide Financial Statements
- Statement of Net Position 13
- Statement of Activities 14

Fund Financial Statements
- Balance Sheet – Governmental Funds 15
- Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 16
- Statement of Revenues, Expenditures, and Changes in Funds Balances – Governmental Funds 17
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 18
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund ..... 19 – 20
- Statement of Net Position – Proprietary Funds ..... 21 – 22
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 23
- Statement of Cash Flows – Proprietary Funds ..... 24 – 25

Notes to the Financial Statements ..... 26 – 46

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress 47

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds 48

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 49

CITY OF UNION POINT, GEORGIA

TABLE OF CONTENTS
SEPTEMBER 30, 2014
(CONTINUED)

Page

GOVERNMENTAL REPORTS

Schedule of Project Expenditures with Special Sales Tax Proceeds 50

Component Unit – City of Union Point Downtown Development Authority

Balance Sheet 51
Statement of Revenues, Expenditures and Changes in Fund Balance 52

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* 53-54

Schedule of Findings and Responses 55

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the
City of Union Point, Georgia

Report on the 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 Point, Georgia (the "City") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

1503 Bass Road
P.O. Box 6315 Macon, Georgia 31208-6315
Phone 478-742-3313 ■ Fax 478-742-0316

Member of
American Institute of
Certified Public Accountants
www.clhp.com

468 South Houston Lake Road
Warner Robins, Georgia 31088
Phone 478-953-0125 ■ Fax 478-953-0983

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 Point, Georgia, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof and for the fiscal 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 information on pages 4 through 12 and the Retirement Plan – Schedule of Funding Progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Union Point, Georgia's basic financial statements. The combining nonmajor fund financial statements and the schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of project expenditures with special sales tax proceeds 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 nonmajor fund financial statements and the schedule of project expenditures with special sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015 on our consideration of City of Union Point'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Union Point, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
February 27, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

As management of the City of Union Point, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year ended September 30, 2014. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2014 by $6,537,913 (total net position).
- Of this amount, $1,079,058 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position decreased by $103,763.
- At the close of fiscal year 2014, the City's governmental funds reported combined ending fund balances of $701,131. Of this amount, $433,857 or 61.88% is available for spending at the government's discretion (Unassigned fund balance).

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Union Point's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two being 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.

The statement of activities presents information showing how the City's net position changed during the 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 the related cash flows. 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 property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer and natural gas.

The component unit, the Downtown Development Authority of the City of Union Point, Georgia, is reported in a separate column because it is legally separate from the City. The Authority's governing board is appointed by the Mayor and Council, and the City funds a significant portion of the Authority's budget.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds and proprietary funds.

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

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

The City maintains four individual governmental funds. Information on the major fund is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. The major fund is the General Fund, and the non-major funds are the Public Safety SPLOST Fund, LMIG Fund, and CDBG Fund.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement for this fund has been provided to demonstrate compliance with this budget. Project length budgets were adopted for the Capital Project Funds.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system operations and its natural gas system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water and Sewer Fund and the Natural Gas Fund. These funds are considered to be major funds of the City.

Notes to the Financial Statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2014 by $6,537,913.

The largest component of net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, is unrestricted net position in the amount of $1,079,058 or 17.04% of total net position. Of the unrestricted net position, $2,047,610 or 31.32 % of total net position is in joint venture (Tri-County Natural Gas). Another component of the City's net position is investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises $4,698,406 or 71.86% of total net position. The City uses these capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Union Point Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Assets						
Current assets	$ 792,298	$ 812,222	$ 473,317	$ 377,326	$1,265,615	$1,189,548
Restricted assets	-	-	1,097,862	725,397	1,097,862	725,397
Other assets	-	-	1,789,964	2,047,610	1,789,964	2,047,610
Capital assets	1,390,992	1,270,350	4,482,131	4,405,319	5,873,123	5,675,669
Total assets	2,183,290	2,082,572	7,843,274	7,555,652	10,026,564	9,638,224
Liabilities						
Current liabilities	83,890	107,439	310,871	216,137	394,761	323,576
Long-term liabilities	10,940	4,096	2,979,187	2,772,639	2,990,127	2,776,735
	94,830	111,535	3,290,058	2,988,776	3,384,888	3,100,311
Net position						
Net investment in capital assets	1,390,992	1,270,350	3,482,887	3,428,056	4,873,879	4,698,406
Restricted for:						
Renewal and replacement	-	-	124,000	124,000	124,000	124,000
Capital outlay	84	35,052	970,711	598,246	970,795	633,298
Debt services	-	-	3,151	3,151	3,151	3,151
Unrestricted	697,384	665,635	(27,533)	413,423	669,851	1,079,058
Total net position	$ 2,088,460	$1,971,037	$ 4,553,216	$ 4,566,876	$6,641,676	$6,537,913

An additional portion of the City's net position, $124,000 (1.90%), $3,151 (.05%), and $633,298 (9.15%) represent resources that are subject to external restrictions on how they may be used. The $124,000 represents water and sewer reserve accounts set aside as emergency funds for one year's obligation for the City's outstanding water and sewer revenue bonds. The $3,151 represents funds set aside in the water

and sinking funds for the payment of the current debt due on the outstanding water and sewer revenue bonds. The $633,298 represents funds set aside for capital outlay.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities decreased the City's net position by $117,423 or 113.16% of the total decrease in the net position of the City.

City of Union Point Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues						
Charges for service	$ 36,489	$ 35,717	$ 1,006,118	$ 1,028,371	$ 1,042,607	$1,064,088
Operating grants and contributions	57,245	95,282	-	-	57,245	95,282
Capital grants and contributions	466,011	117,931	488,650	241,627	954,661	359,558
General revenues						
Property tax	209,158	236,537	-	-	209,158	236,537
Sales tax	343,822	317,401	-	-	343,822	317,401
Other taxes	155,312	182,297	-	-	155,312	182,297
Investment earnings	978	857	756,205	258,731	757,183	259,588
Miscellaneous	54,878	8,487	85,926	13,888	140,804	22,375
Total revenue	1,323,893	994,509	2,336,899	1,542,617	3,660,792	2,537,126
Expenses:						
General government	139,752	244,777	-	-	139,752	244,777
Judicial	34,961	33,896	-	-	34,961	33,896
Public safety	458,517	478,853	-	-	458,517	478,853
Public works	657,761	249,450	-	-	657,761	249,450
Culture and recreation	77,868	80,758	-	-	77,868	80,758
Housing and development	15,884	24,198	-	-	15,884	24,198
Water and sewer	-	-	832,915	920,548	832,915	920,548
Natural gas	-	-	1,137,736	608,409	1,137,736	608,409
Total expenses	1,384,743	1,111,932	1,970,651	1,528,957	3,355,394	2,640,889
Change in net position	(60,850)	(117,423)	366,248	13,660	305,398	(103,763)
Net position - beginning of year	2,149,310	2,088,460	4,186,968	4,553,216	6,336,278	6,641,676
Net position - end of year	$ 2,088,460	$ 1,971,037	$ 4,553,216	$ 4,566,876	$ 6,641,676	$6,537,913

Revenues. Property taxes of $236,537 and sales tax of $317,401 accounted for 55.70% of total governmental revenues.

Operating grants and contributions consisted of the following:

- Public safety received operating grants and contributions from the Greene County Board of Commissioners totaling $24,000 for the purpose of providing fire protection to a designated service area in Greene County, and a reimbursement of $3,307 from the 2009 Public Safety SPLOST.

- Housing and development received operating grants and contributions totaling $33,007. Under an intergovernmental agreement with the City of Greensboro and Greene County, the City receives one third of the City of Greensboro's property taxes and Greene County's property taxes for the property in the Greene County Industrial Park. Greene County, the City of Greensboro, and the City of Union Point own the Greene County Industrial Park in equal shares and have an intergovernmental agreement to share equally in the tax proceeds from the Industrial Park.

- Public works operating grants received $34,968 from the Georgia Department LMIG Grant Program.

Capital grants and contributions consisted of the following:

- General government capital grants received $117,931 from the 2013 Community Development Block Grant.

Expenses. The total expense for the governmental activities is $1,111,932. The largest single expenditure activity is public safety. Public safety includes the police department, the fire department, prisoner expenses, and animal control. The total public safety expense is $478,853 or 43.06% of total governmental activity expense.

Expenses exceeded total program revenues and general revenues $117,423.

Business-type Activities. Business-type activities increased the City's net position by $13,660.

Revenues. Water and sewer revenue was $694,130 before contributions. Natural gas revenue was $730,556. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

During the prior fiscal year, the Natural Gas System did not receive a distribution from the Tri-County Natural Gas System. During the current fiscal year, the Natural Gas System did not receive a distribution from Tri-County.

Expenses. Water and sewer expense was $920,548. Natural gas expense was $608,409.

Financial Analysis of the Government's Funds

The City of Union Point uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $701,131. Exactly 61.88% of this amount or $433,857 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At September 30, 2014, unassigned fund balance of the General Fund was $433,857. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balances to total fund expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at September 30, 2014 amounted to ($324,524); those of the Natural Gas Fund amounted to $737,947. The total change in Water and Sewer net position was a decrease of $108,487; the change in Natural Gas net position was an increase of $122,147.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are an increase of approximately $90,155 or 11.09% of the original budget. The increase in the budgeted expenditures is attributable to an increase in expenses in Financial Administration, City Facilities, Police Department, Solid Waste and Recycling, and Economic Development and Assistance activities. Budgeted revenue increased from the original budget in the amount of $25,391. The increase in budgeted revenue was due an increase in estimated actual revenues (mainly tax revenue).

- The City received funds from the Georgia Department of Transportation LMIG Grant for resurfacing in the amount of $18,160. The City did not complete the resurfacing project during the current fiscal year. The City received $16,808 in LMIG Grant funds during Fiscal Year 2013. The total LMIG Grant funds available were $34,968. The street resurfacing was completed in November 2014.

- The City is planning to make major upgrades at the Wastewater Treatment Plant. The City has a preliminary commitment from USDA Rural Development for a loan and grant. The estimated cost of the project will be $2,604,000. The estimated amount of the loan is $976,000, and the estimated amount of the grant is $1,628,000. During the current fiscal year, the City expended $91,166 on engineering for this project.

- The City was awarded a 2013 Community Development Block Grant for the purpose of upgrading the water distribution system. The City Water and Sewer Fund is matching a portion of the funding of the project. During the current fiscal the City expended $23,284 in water and sewer funds for the projects. Capital contributions in the amount of $117,931 were transferred from the 2013 CDBG Grant to the Water and Sewer Fund.

City of Union Point Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Land	$ 17,665	$ 17,665	$ 22,044	$ 22,044	$ 39,709	$ 39,709
Site improvements	148,322	139,442	4,425	4,425	152,747	143,867
Construction in progress	-	2,840	133,699	329,193	133,699	332,033
Infrastructure	468,471	433,343	4,062,599	3,827,217	4,531,070	4,260,560
Buildings	594,437	569,942	54,764	59,731	649,201	629,673
Equipment	76,911	50,616	204,600	162,709	281,511	213,325
Vehicles	85,186	56,502	-	-	85,186	56,502
Total	$ 1,390,992	$ 1,270,350	$ 4,482,131	$ 4,405,319	$ 5,873,123	$ 5,675,669

Long-term Debt. At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of $2,855,736. USDA Farmers Home Administration (Rural Development) Water and Sewerage Revenue Bonds account for $658,046, Georgia Environmental Facilities water and sewer loan accounts for $319,217, and $1,878,473 accounts for Greene County Development Authority Series 2013 issued by the City of Union Point for the payment of one half of the expenses on the extension of Tri-County Natural Gas high pressure line to the Lake Oconee Parkway Area. The water and sewerage revenue bonds represent bonds secured solely by a specified revenue source (water and sewer revenue).

City of Union Point Outstanding Debt
Revenue Bonds and GEFA Loan

	Governmental Activites		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Revenue Bonds	$ -	$ -	$2,628,746	$ 2,536,519	$2,628,746	$2,536,519
GEFA Loan	-	-	333,228	319,217	333,228	319,217
Total	$ -	$ -	$2,961,974	$ 2,855,736	$2,961,974	$2,855,736

During the current fiscal year, the City's total water and sewer revenue bond and loan debt decreased by $106,238. The City of Union Point and the City of Greensboro are funding a project to expand the Tri-County Natural Gas System through the City of Greensboro and along Highway 44 (Lake Oconee Parkway). The project is being funded by each City issuing bonds for its one-half of the cost. The bonds have been issued through the Greene County Development Authority through an intergovernmental agreement. In addition the City used the bond issue to refinance some of its USDA Rural Development debt at a lower interest rate. The amount of bond funding for the Tri-County Natural Gas project is $3,000,000 (City of Union Point's share 1,500,000).

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

Capital Leases

During the fiscal year 2014 the City of Union Point did not have any capital leases.

Economic Factors

During the current fiscal year the City's tax millage rate remained ten (10) mills.

Water and sewer revenue decreased by $103,871 or 13.02% before the capital contribution of $117,931 was added. The operating revenue decreased by $103,853 or 13.02%. The water and sewer expense increased by $87,633 or 9.52 %. The decrease in expense was due to an increase in operating expense.

Natural gas revenue decreased by $340,981 or 31.82%. Natural gas expense decreased by $529,327 or 46.52%. Cost of natural gas purchases increased $25,204 or 20.96% while natural gas sales volumes increased by 2,322 MCF's or 10.94%. The decrease in revenue was associated with the decrease in of investment in joint-venture from the previous fiscal year. The decrease in natural gas expense is associated with a decrease in intergovernmental expense and the absence in the current fiscal year of bond issuance costs.

With the economic slowdown that has occurred in prior fiscal years, the City will need to monitor its revenue collections. Over the past several years the tax digest has seen significant decreases in property values. The revenue sources that the City should be most concerned with will be the property tax collections, the Local Option Sales Tax collections, water and sewer sales, and natural gas sales and revenue.

During the current fiscal year Local Option Sales Tax collections decreased by $6,779 or 2.09% over the collections for the previous fiscal year. During fiscal year 2014 and until fiscal year 2024, Local Option Sales Tax collections will decrease by approximately $67,790 based on fiscal year 2014 collections. The reason for the reduction is due to the decennial renegotiation of the Local Option Sales Tax as required by Georgia law. The population in unincorporated Greene County increased and the population in the City of Union Point decreased according the 2010 Census. The City of Union Point's share of the LOST distribution decreased from 11.6% to 8.83% effective in November 2012.

The tax mill rate has increased from 8.949 mills to 10 mills or 1.051 mills (11.74%) between 2006 and 2013, and remains at 10 mills during the current year. The tax levy decreased from $192,255 in fiscal year 2013 to $187,942 during the current fiscal year. The reason for the reduction in past years in the tax base and tax revenue is a loss of industry and the reduction in the property evaluations due to the current economic conditions property tax revenue increased from $209,158 in 2013 to $236,517 in 2014 for an increase of $37,379 or 13.09%. The increase in tax revenue during the current fiscal is due to aggressive collections of prior year taxes through a property tax levy. The City's policy is levy on delinquent property taxes annually and includes taxes that are delinquent two years or more.

During this fiscal year and the previous fiscal year, the Water and Sewer System has experienced losses, mainly in the Sewer System. Several factors have contributed to the losses. The City has failed to

increase the sewer rates to cover the cost of operating the sewer system. The City Council raised the sewer rates in January 2015 based on a Letter of Conditions from USDA Rural Development for an additional loan and grant for a sewer plant upgrade. The Natural Gas System had an increase in net income in the amount of $122,147 for the current fiscal year. The reason for this increase is due to investment income-joint venture in the amount of $257,646.

The natural gas system still needs to increase its base rates and must find ways to reduce its costs.

The management of the City of Union Point is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net assets) of the City or results of operations (revenues, expenses, and other changes in net position) of the City.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk and Treasurer, City of Union Point, P. O. Box 233, Union Point, Georgia, 30669.

FINANCIAL STATEMENTS

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 456,445	$ 298,938	$ 755,383	$ 23,790
Certificates of deposit	-	100,000	100,000	-
Restricted cash	-	601,397	601,397	-
Restricted investments	-	124,000	124,000	-
Accounts receivables, net				
Taxes	13,045	-	13,045	-
Accounts	12,390	64,657	77,047	-
Due from other governments	209,531	-	209,531	-
Due from component unit	1,547	-	1,547	-
Internal balances	103,181	(103,181)	-	
Prepaid Items	16,083	16,912	32,995	-
Investment-joint venture	-	2,047,610	2,047,610	-
Capital assets:				
Nondepreciable assets	20,505	355,662	376,167	-
Depreciable assets, net	1,249,845	4,049,657	5,299,502	162,537
Total assets	2,082,572	7,555,652	9,638,224	186,327
LIABILITIES				
Accounts payable	92,908	28,777	121,685	-
Due to primary government	-	-	-	1,547
Due to other governments	-	390	390	-
Accrued expenses	8,193	4,848	13,041	-
Accrued interest	-	16,767	16,767	-
Customer deposits	-	69,401	69,401	-
Noncurrent liabilities:				
Due within one year				
Bonds payable	-	73,337	73,337	-
Notes payable	-	14,436	14,436	-
Compensated absences	6,338	8,181	14,519	-
Due in more than one year				
Bonds payable	-	2,463,182	2,463,182	-
Notes payable	-	304,781	304,781	-
Compensated absences	4,096	4,676	8,772	-
Total liabilities	111,535	2,988,776	3,100,311	1,547
NET POSITION:				
Net investment in capital assets	1,270,350	3,428,056	4,698,406	162,537
Restricted for:				
Renewal and replacement	-	124,000	124,000	-
Capital outlay	35,052	598,246	633,298	-
Debt service	-	3,151	3,151	-
Unrestricted	665,635	413,423	1,079,058	22,243
Total net position	$ 1,971,037	$ 4,566,876	$ 6,537,913	$ 184,780

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary Government								
Governmental activities								
General government	$ 244,777	$ 35,717	$ -	$ 117,931	$ (91,129)	$ -	$ (91,129)	
Judicial	33,896	-	-	-	(33,896)	-	(33,896)	
Public safety	478,853	-	27,307	-	(451,546)	-	(451,546)	
Public works	249,450	-	34,968	-	(214,482)	-	(214,482)	
Culture and recreation	80,758	-	-	-	(80,758)	-	(80,758)	
Housing and development	24,198	-	33,007	-	8,809	-	8,809	
Total governmental activities	1,111,932	35,717	95,282	117,931	(863,002)	-	(863,002)	
Business-type activities								
Water & Sewer	920,548	686,001	-	117,931	-	(116,616)	(116,616)	
Natural Gas	608,409	342,370	-	123,696	-	(142,343)	(142,343)	
Total business-type activities	1,528,957	1,028,371	-	241,627	-	(258,959)	(258,959)	
Total primary government	$ 2,640,889	$ 1,064,088	$ 95,282	$ 359,558	(863,002)	(258,959)	(1,121,961)	
Component Unit:								
Downtown Development Authority	$ 41,545	$ -	$ 44,825	$ -				$ 3,280
General Revenues:								
Property taxes					236,537	-	236,537	-
Sales taxes					317,401	-	317,401	-
Business taxes					92,283	-	92,283	-
Franchise taxes					67,985	-	67,985	-
Other taxes					22,029	-	22,029	-
Investment earnings					857	258,731	259,588	-
Miscellaneous					8,487	13,888	22,375	-
Total general revenues					745,579	272,619	1,018,198	-
Change in net position					(117,423)	13,660	(103,763)	3,280
Net position - beginning of year					2,088,460	4,553,216	6,641,676	181,500
Net position - end of year					$ 1,971,037	$ 4,566,876	$ 6,537,913	$ 184,780

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

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 415,916	$ 40,529	$ 456,445
Accounts receivables (Net of allowances for uncollectibles):			
Taxes	13,045	-	13,045
Accounts	12,390	-	12,390
Due from other funds	111,964	-	111,964
Due from other governments	119,454	90,077	209,531
Due from component unit	1,547	-	1,547
Prepaid items	16,083	-	16,083
Total Assets	$ 690,399	$ 130,606	$ 821,005
LIABILITIES			
Accounts payable	$ 6,137	$ 86,771	$ 92,908
Accrued expenses	8,193	-	8,193
Due to other funds	-	8,783	8,783
Total Liabilities	14,330	95,554	109,884
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	9,990	-	9,990
Total Deferred Inflows of Resources	9,990	-	9,990
FUND BALANCES			
Nonspendable	16,083	-	16,083
Restricted	-	35,052	35,052
Assigned	216,139	-	216,139
Unassigned	433,857	-	433,857
Total fund balances	666,079	35,052	701,131
Total liabilities, deferred inflows of resources and fund balances	$ 690,399	$ 130,606	$ 821,005

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

CITY OF UNION POINT, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of net position are different		
Fund balances reported on balance sheet of governmental funds	$	701,131
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		9,990
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist		
Compensated absences		(10,434)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,270,350
Total adjustments to fund balances		1,269,906
Net position of governmental activities	$	1,971,037

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	$ 731,782	$ -	$ 731,782
Licenses and permits	6,262	-	6,262
Intergovernmental	57,007	156,206	213,213
Charges for services	8,570	-	8,570
Fines and forfeitures	20,885	-	20,885
Investment income	857	-	857
Miscellaneous	8,487	-	8,487
Total revenues	833,850	156,206	990,056
EXPENDITURES:			
Current:			
General government	145,573	-	145,573
Judicial	33,896	-	33,896
Public safety	429,327	3,307	432,634
Public works	157,669	36,260	193,929
Culture and recreation	53,795	-	53,795
Housing and development	24,198	-	24,198
Intergovernmental	26,100	-	26,100
Capital outlay	-	81,671	81,671
Total Expenditures	870,558	121,238	991,796
Net change in fund balances	(36,708)	34,968	(1,740)
Fund balances - beginning of year	702,787	84	702,871
Fund balances - end of year	$ 666,079	$ 35,052	$ 701,131

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

CITY OF UNION POINT, 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 SEPTEMBER 30, 2014

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

Net change in fund balances - total governmental funds	$	(1,740)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Amount reflects the current year net change.		4,453
Compensated Absences		
Compensated absences 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.		
Compensated absences		506
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Total capital outlays		2,840
Total depreciation		(123,482)
Change in net position of governmental activities	$	(117,423)

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 704,144	$ 729,800	$ 731,782	$ 1,982
Licenses and Permits	5,375	6,237	6,262	25
Intergovernmental Revenues	57,245	57,025	57,007	(18)
Charges for Services	7,200	8,678	8,570	(108)
Fines and Forfeitures	30,000	21,000	20,885	(115)
Investment income	935	900	857	(43)
Miscellaneous	8,400	15,050	8,487	(6,563)
Total Revenues	813,299	838,690	833,850	(4,840)
EXPENDITURES:				
Current				
General Government:				
Governing Body	15,612	14,731	14,167	564
Financial administration	92,950	102,211	95,606	6,605
City facilities	27,486	38,590	35,800	2,790
Judicial:				
Municipal court	38,143	36,191	33,896	2,295
Public safety:				
Police	361,452	393,493	384,148	9,345
Custody of prisoners	300	2,500	1,673	827
Fire administration	37,296	45,725	43,506	2,219
Animal control	375	300	-	300
Public works:				
Highways and streets	48,800	48,425	47,451	974
Solid waste and recycling	49,960	69,516	65,673	3,843
Cemetery	44,765	45,709	44,545	1,164
Culture and recreation:				
Parks and recreation	39,822	43,073	42,360	713
Library	11,735	11,436	11,435	1
Housing and development:				
Protective inspection administration	800	400	-	400
Economic development and assistance	16,078	24,729	24,167	562
Code enforcement	1,725	325	31	294

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Payments to Other Governmental Agencies:				
Downtown Development Authority	$ 26,000	$ 26,100	$ 26,100	$ -
Total Expenditures	813,299	903,454	870,558	32,896
Net change in fund balance	-	(64,764)	(36,708)	28,056
Fund Balance - Beginning of Year	702,787	702,787	702,787	-
Fund Balance - End of Year	$ 702,787	$ 638,023	$ 666,079	$ 28,056

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 137,010	$ 161,928	$ 298,938
Restricted cash	3,151	598,246	601,397
Certificates of Deposit	-	100,000	100,000
Restricted investments	124,000	-	124,000
Accounts receivable (net of allowance for uncollectibles)	54,893	9,764	64,657
Due from other funds	-	338,147	338,147
Prepaid items	12,348	4,564	16,912
Total current assets	331,402	1,212,649	1,544,051
Long-term assets:			
Investment-joint venture	-	2,047,610	2,047,610
Capital assets:			
Nondepreciable assets	355,662	-	355,662
Depreciable assets, net	3,949,721	99,936	4,049,657
Total long-term assets	4,305,383	2,147,546	6,452,929
Total assets	$ 4,636,785	$ 3,360,195	$ 7,996,980

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 25,580	$ 3,197	$ 28,777
Salaries and benefits payable	3,635	1,213	4,848
Accrued interest	3,204	13,563	16,767
Due to other funds	441,328	-	441,328
Due to other governments	-	390	390
Customer deposits	45,584	23,817	69,401
Bonds payable	8,337	65,000	73,337
Notes payable	14,436	-	14,436
Compensated absences	6,039	2,142	8,181
Total current liabilities	548,143	109,322	657,465
Long-term liabilities:			
Bonds payable	649,709	1,813,473	2,463,182
Notes payable	304,781	-	304,781
Compensated absences	3,405	1,271	4,676
Total long-term liabilities	957,895	1,814,744	2,772,639
Total liabilities	1,506,038	1,924,066	3,430,104
NET POSITION			
Net investment in capital assets	3,328,120	99,936	3,428,056
Restricted:			
Restricted for renewal and replacement	124,000	-	124,000
Restricted for debt service	3,151	-	3,151
Restricted for capital outlay	-	598,246	598,246
Unrestricted/(Deficit)	(324,524)	737,947	413,423
Total net position	$ 3,130,747	$ 1,436,129	$ 4,566,876

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
Operating Revenues:	Water and Sewer Fund	Natural Gas Fund	Total
Charges for services	$ 686,001	$ 342,370	$ 1,028,371
Miscellaneous	7,684	6,204	13,888
Total operating revenues	693,685	348,574	1,042,259
Operating Expenses:			
Personal services	202,862	75,154	278,016
Purchased/contracted services	181,832	56,702	238,534
Supplies and materials	192,049	166,099	358,148
Depreciation	287,979	10,814	298,793
Other costs	-	15,481	15,481
Total Operating Expenses	864,722	324,250	1,188,972
Operating Income (Loss)	(171,037)	24,324	(146,713)
Non-Operating Revenues (Expenses):			
Investment earnings	445	640	1,085
Investment income-joint venture	-	257,646	257,646
Intergovernmental revenue	-	123,696	123,696
Intergovernmental expense	-	(231,709)	(231,709)
Interest expense	(55,826)	(52,450)	(108,276)
Total Non-Operating Revenues (Expenses)	(55,381)	97,823	42,442
Net Income (Loss) before Contributions	(226,418)	122,147	(104,271)
Capital contribution	117,931	-	117,931
Change in net position	(108,487)	122,147	13,660
Net position - beginning of year	3,239,234	1,313,982	4,553,216
Net position - end of year	$ 3,130,747	$ 1,436,129	$ 4,566,876

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF UNION POINT, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
Cash Flows from Operating Activities:	Water and Sewer Fund	Natural Gas Fund	Total
Cash received from customers	$ 704,853	$ 362,400	$ 1,067,253
Cash paid to suppliers for good and services	(410,188)	(379,599)	(789,787)
Cash paid to employees	(204,212)	(80,563)	(284,775)
Net Cash Provided by (Used for) Operating Activities	90,453	(97,762)	(7,309)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of assets	(104,052)	-	(104,052)
Principal paid on debt	(21,980)	(85,000)	(106,980)
Intergovernmental revenue	-	123,696	123,696
Intergovernmental expense	-	(231,709)	(231,709)
Interest paid on debt	(52,622)	(54,938)	(107,560)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(178,654)	(247,951)	(426,605)
Cash Flows from Investing Activities:			
Interest received	445	640	1,085
Net Cash Provided by (Used for) Investing Activities	445	640	1,085
Net Increase (Decrease) in Cash and Cash Equivalents	(87,756)	(345,073)	(432,829)
Cash and Cash Equivalents - Beginning of Year	227,917	1,105,247	1,333,164
Cash and Cash Equivalents - End of Year	$ 140,161	$ 760,174	$ 900,335

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Reconciliation of Cash Equivalents:			
Cash	$ 137,010	$ 161,928	$ 298,938
Restricted cash	3,151	598,246	601,397
Total Cash and Cash Equivalents	$ 140,161	$ 760,174	$ 900,335
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (171,037)	$ 24,324	$ (146,713)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	287,979	10,814	298,793
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivables	27,022	(1,762)	25,260
(Increase) decrease in due from other funds	-	16,243	16,243
(Increase) decrease in prepaids	7,099	3,268	10,367
Increase (decrease) in accounts payable	(43,406)	(144,585)	(187,991)
Increase (decrease) in due to other funds	(16,243)	-	(16,243)
Increase (decrease) in customer deposits	389	(655)	(266)
Increase (decrease) in accrued expenses	(1,350)	(5,409)	(6,759)
Total adjustments	261,490	(122,086)	139,404
Net Cash Provided by (Used for) Operating Activities	$ 90,453	$ (97,762)	$ (7,309)

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Union Point, Georgia was incorporated under the laws of the State of Georgia in 1904 and operates under a mayor-council form of government. The Mayor and a six-member council govern the City and are elected for four-year terms. The Mayor and the Council all serve on a part-time basis. The Mayor and Council appoint a City Clerk who is responsible for the daily operations of the City.

The financial statements of the City of Union Point, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Discretely Presented Component Units – The component units' columns in the government-wide Statement of Net Position and Statement of Activities include the financial data of the City's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the City.

Downtown Development Authority of the City of Union Point, Georgia – The Downtown Development Authority's governing board is appointed by the Mayor and Council. In addition, the City funds a significant portion of the Downtown Development Authority's budget. The Downtown Development Authority of the City of Union Point, Georgia does not issue separate financial statements. The Downtown Development Authority has a September 30 fiscal year end.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The City first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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's fund principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

Water and Sewer Fund – This enterprise fund accounts for the operation, maintenance and development of the City's water and sewer system.

Natural Gas Fund – This enterprise fund accounts for the operation, maintenance and development of the City's natural gas system.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions are transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange. Non-exchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

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

1. Prior to October 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing October 1.

2. The Treasurer and Council Budget Committee submit the proposed budget to the Mayor and Council.

3. Public hearings are held to obtain taxpayer's comments.
4. The budget is legally enacted through the passage of a resolution.

5. All revisions to the budget must be submitted to the City Council for approval.

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Funds. The legal level of control for these budgets is the department level. A project length budget is adopted for all Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

7. Budgetary appropriations lapse at the end of the fiscal year.

D. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59: bonds, bills certificates of indebtedness, notes, or other direct obligations of the United States,

the State of Georgia, or counties or municipalities of the State of Georgia; bonds of any public authority created by Georgia law; industrial revenue bonds or bonds of development authorities; Home Loan Mortgage Corporation and Federal National Mortgage Association.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments consist of certificates of deposit and are recorded at cost, which approximates market value.

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

F. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes were levied on October 8, 2013. The assessed values are an approximation of market value as determined by the Greene County Tax Commissioner. Tax bills are mailed at least 60 days prior to the due date of December 31. For the fiscal year ended September 30, 2014, the collection period was October 15, 2013 to December 15, 2013.

Property taxes are recognized when they become measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means due, or past due and receivable within the current period, and collected or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after the end of the year.

When property taxes receivable are recognized, or when property taxes are collected in advance of the year for which they are levied, they are recorded as unearned revenue and recognized as revenue in the year for which they are levied, in accordance with the "available" criterion.

Taxes receivable at September 30, 2014 amounted to $20,176, the estimate of uncollectible taxes was $7,131 and unavailable property tax revenue totaled $9,990.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Inventories

Inventories are not maintained on the books because of the immateriality of the amounts involved; therefore, disbursements for inventory are considered expenditures at the time of purchase rather than time of use.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items acquired subsequent to January 1, 2004), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with individual costs that equal to or exceed $5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-99
Buildings and improvements	20-50
Water and sewer distribution system	20-50
Vehicles	4
Furniture and fixtures	10
Equipment	10
Computer Equipment	5
Heavy Machinery	5

J. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual vacation. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Governmental activities compensated absences balances are liquidated through the General Fund.

K. Deferred Inflows / Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then.

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

L. Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for the repayment of the current portion of certain long-term obligations, are classified as restricted assets. At September 30, 2014, restricted assets in the Enterprise Funds consisted of $3,151 in bond sinking funds, $124,000 in bond reserves for renewal and replacement and $598,246 in bond funds for capital outlay.

M. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

N. Fund Balance

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council. By motion, the Council has authorized the City Clerk or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2014:

	General Fund	Nonmajor Governmental	Total
Fund Balances			
Nonspendable:			
Prepaids	$ 16,083	$ -	$ 16,083
Restricted:			
Capital outlay	-	84	84
Road projects	-	34,968	34,968
Assigned for:			
Perpetual care	26,021	-	26,021
Equipment	4,118	-	4,118
Working capital	186,000	-	186,000
Unassigned	433,857	-	433,857
Total fund balances	$ 666,079	$ 35,052	$ 701,131

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of September 30, 2014 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal policy for managing interest rate risk.

Credit Quality Risk

Georgia law authorizes local governments to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issues by the United States; obligations fully insured or guaranteed by the United States government or governmental agency; prime banker's acceptances; State of Georgia Local Government Investment Pool; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At September 30, 2014, the City's investment in certificates of deposit was as follows:

Investment	Maturity	Amount
Certificates of Deposit – Natural Gas Fund	6 months	$ 100,000
Certificates of Deposit – Water & Sewer Fund	3 months	60,000
Certificates of Deposit – Water & Sewer Fund	3 months	64,000

The City does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk

There are no limits on the amounts the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. All of the City's investments were concentrated in certificates of deposit at the Farmers Bank at September 30, 2014.

NOTE 3 – RECEIVABLES

Receivables as of year end for the government's individual major funds, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Natural Gas Fund	Total
Accounts	$ 12,390	$ -	$ 100,987	$ 20,803	$ 134,180
Taxes	20,176	-	-	-	20,176
Intergovernmenal	119,454	90,077	-	-	209,531
Gross receivables	152,020	90,077	100,987	20,803	363,887
Less: allowance for uncollectibles	(7,131)	-	(46,094)	(11,039)	(64,264)
Net total receivables	$144,889	$90,077	$54,893	$9,764	$299,623

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 17,665	$ -	$ -	$ 17,665
Construction in progress	-	2,840	-	2,840
Total capital assets not being depreciated	17,665	2,840	-	20,505
Capital assets being depreciated:				
Infrastructure	686,588	-	-	686,588
Site improvements	242,418	-	-	242,418
Buildings	1,143,304	-	-	1,143,304
Equipment	377,130	-	-	377,130
Vehicles	809,838	-	-	809,838
Total capital assets being depreciated	3,259,278	-	-	3,259,278
Less Accumulated Depreciation for:				
Infrastructure	218,117	35,128	-	253,245
Site improvements	94,096	8,880	-	102,976
Buildings	548,867	24,495	-	573,362
Equipment	300,219	26,295	-	326,514
Vehicles	724,652	28,684	-	753,336
Total accumulated depreciation	1,885,951	123,482	-	2,009,433
Total capital assets being depreciated, net	1,373,327	(123,482)	-	1,249,845
Governmental activities capital assets, net	$ 1,390,992	$ (120,642)	$ -	$ 1,270,350

Business-type Activities:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	$ 22,044	$ -	$ -	$ -	$ 22,044
Site improvements	4,425	-	-	-	4,425
Construction in progress	133,699	214,054	-	(18,560)	329,193
Total capital assets not being depreciated	160,168	214,054	-	(18,560)	355,662
Capital assets being depreciated:					
Infrastructure	6,977,588	6,591	-	-	6,984,179
Buildings	86,023	8,160	-	-	94,183
Equipment	790,737	11,736	-	-	802,473
Vehicles	179,348	-	-	-	179,348
Total capital assets being depreciated	8,033,696	26,487	-	-	8,060,183
Less Accumulated Depreciation for:					
Infrastructure	2,914,989	241,973	-	-	3,156,962
Buildings	31,259	3,193	-	-	34,452
Equipment	586,137	53,627	-	-	639,764
Vehicles	179,348	-	-	-	179,348
Total accumulated depreciation	3,711,733	298,793	-	-	4,010,526
Total capital assets being depreciated, ne	4,321,963	(272,306)	-	-	4,049,657
Business-type activities capital assets, net	$ 4,482,131	$ (58,252)	$ -	$ (18,560)	4,405,319
				Less related long-term debt oustanding *	(977,263)
				Net investment in capital assets	$ 3,428,056

* - The capital assets associated with the Series 2013 Bonds in the Natural Gas Fund are reported as a part of Tri-County Natural Gas System, a joint venture of the City and, therefore, the Series 2013 bonds payable amount of $1,878,473 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 20,880
Public safety	46,219
Public works	55,521
Culture and recreation	862
Total governmental activities depreciation expense	$ 123,482

Depreciation expense for business-type activities was charged to functions as follows:

Water and sewer	$ 287,979
Natural gas	10,814
Total business-type activities depreciation expense	$ 298,793

Activity for the Downtown Development Authority for the fiscal year ended September 30, 2014, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Discretely presented component unit:				
Capital assets being depreciated:				
Buildings	$ 180,818	$ -	$ -	$ 180,818
Total capital assets, being depreciated	180,818	-	-	180,818
Less accumulated depreciation for:				
Buildings	14,664	3,617	-	18,281
Total accumulated depreciation	14,664	3,617	-	18,281
Total capital assets being depreciated, net	166,154	3,617	-	162,537
Authority capital assets, net	$ 166,154	$ 3,617	$ -	$ 162,537

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

At September 30, 2014, internal balances between funds of the City consisted of:

	Payable Fund		
Receivable Fund:	Nonmajor Governmental	Water & Sewer	Total
Governmental funds:			
General Fund	$ 8,783	$ 103,181	$ 111,964
Natural Gas Fund	-	338,147	338,147
Total	$ 8,783	$ 441,328	$ 450,111

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 6 – INVESTMENTS – JOINT VENTURE

The City is a member of a joint venture, Tri-County Natural Gas System, with the City of Greensboro, Georgia. The purpose of Tri-County Natural Gas is to acquire, construct, and operate a gas transmission line that passes through the City of Crawford, the City of Lexington and the City of Arnoldsville, all located in Oglethorpe County, the City of Crawfordville, located in Taliaferro County, and the City of Woodville located in Greene County. These cities are referred to as "Franchise Cities". The "Franchise Cities" obtain natural gas for their residents from the Tri-County Natural Gas System.

The City of Union Point, Georgia's investment in Tri-County Natural Gas System is as follows:

Investment, October 1	$ 1,789,964
Union Point's share of net income	257,646
Investment, September 30	$ 2,047,610

NOTE 7 – LONG-TERM DEBT

Categories of debt

Revenue bonds

The City of Union Point, Georgia has two series of bonds outstanding at September 30, 2014. The purpose of the bonds was to finance construction projects to expand existing wastewater treatment facilities and to expand existing natural gas pipelines.

2008 Series
Under the terms of the Bond Ordinance, the Series 2008 Bonds are secured by a pledge of and lien on the revenues of the water and sewer system. This lien is ranked in pari passu with the lien of the Series 1974 and 1985 Bonds.

The Series 2008 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the water and sewer system. The Series 2008 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor shall the Series 2008 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2008 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2008 Bonds were issued in the original amount of $694,000 bearing interest at 4.5%. Principal and interest are payable monthly installments of $3,151.

2013 Series

Under the terms of the Bond Ordinance, the Series 2013 Bonds are secured by a pledge of and lien on the revenues of the natural gas system. This lien is ranked in pari passu with the lien of the Series 2008 Bonds.

The Series 2013 Bonds are limited obligations of the City and are payable, together with any additional bonds, solely from the revenues of the natural gas system. The Series 2013 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, and do not obligate such State or City to levy or to pledge any form of taxation for the payment of amounts due thereon; nor shall the Series 2013 Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except for the funds pledged to the payment thereof. The Series 2013 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2013 Bonds were issued in the original amount of $1,985,000 bearing interest at 2%. Principal and interest are payable in annual installments ranging from $45,000 to $90,000. During FY 2014, the City received $123,696 from Tri-County Natural Gas as reimbursement for principal and interest paid by the City on these bonds. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

Notes Payable

The Water and Sewer Fund is obligated to the Georgia Environmental Facilities Authority under a note in the original amount of $378,825. The original note bore interest at 4.8% and was payable in installments of $8,893. On February 1, 2005, the note was revised to monthly payments of $2,954 and a final payment of $2,932. The note was used to finance certain water and sewer improvements.

During fiscal year 2011, the Water and Sewer Fund obtained financing from the Georgia Environmental Facilities Authority under a loan agreement in the amount of up to $1,200,000. The loan was used to finance the costs of acquiring, constructing and installing the City's sanitary sewer collection system. Upon completion of the project, GEFA will forgive 70% of each principal and interest payment due on the loan. The note bore interest at 3.0% and was payable in monthly installments. The loan was used to finance sewer system improvements.

Long-term Obligation Activity

Changes in long-term obligations for the year ended September 30, 2014 are as follows:

	Beginning Balance	Increases	Decrease	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences	$ 10,940	$ 9,931	$ 10,437	$ 10,434	$ 6,338
Total governmental activities	$ 10,940	$ 9,931	$ 10,437	$ 10,434	$ 6,338
Business-type activities:					
Revenue bonds					
2008 Bonds	$ 666,016	$ -	$ 7,970	$ 658,046	$ 8,337
2013 Bonds	1,985,000	-	85,000	1,900,000	65,000
2013 Bond Discount	(22,270)	-	(743)	(21,527)	-
Notes payable	333,228	-	14,011	319,217	14,436
Compensated absences	17,213	5,519	9,875	12,857	8,181
Total business-type activities	$ 2,979,187	$ 5,519	$ 116,113	$ 2,868,593	$ 95,954

For the governmental activities, compensated absences are generally liquidated by the General Fund. For the business-type activities, long-term liabilities are liquidated by the Water and Sewer Fund and Natural Gas Fund.

Debt Service Requirements for Revenue Bonds and GEFA Note

Debt service requirements on the revenue bonds and GEFA note at September 30, 2014 are as follows:

	Business-type Activities					
Year Ending	2008 Revenue Bonds		2013 Revenue Bonds		GEFA Note	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 8,337	$ 29,475	$ 65,000	$ 66,419	$ 14,436	$ 9,379
2016	8,720	29,192	65,000	65,119	14,874	8,940
2017	9,121	28,691	65,000	63,819	15,328	8,487
2018	9,541	28,271	65,000	52,519	15,794	8,021
2019	9,980	27,832	65,000	61,178	16,274	7,541
2020-2024	57,221	131,839	385,000	272,825	89,105	30,072
2025-2029	71,648	117,412	230,000	220,787	103,506	15,471
2030-2034	89,711	99,349	280,000	172,150	49,900	1,702
2035-2039	112,329	76,731	345,000	108,219	-	-
2040-2044	140,648	48,412	335,000	29,219	-	-
2045-2049	140,790	13,610	-	-	-	-
Total	$ 658,046	$ 630,814	$ 1,900,000	$ 1,112,254	$ 319,217	$ 89,613

Capitalization of Interest

Interest costs incurred in the Water & Sewer Proprietary Fund during construction are capitalized, net of interest income from proceeds of related tax-exempt debt, as part of the cost of the related assets of the Water and Sewer Proprietary Fund. The amount capitalized for the fiscal year ended September 30, 2014 was $0.

NOTE 8 – RETIREMENT BENEFITS

Defined Benefit Pension Plan

The City established a defined benefit pension plan for full-time employees employed at least one year. The City's defined benefit pension plan, the City of Union Point Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The plan is reported on a fiscal year ending November 1.

Plan Description

The City contributes to the City of Union Point Retirement Plan, which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employer plan. O.C.G.A. Section 47-5-1 et. Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Union Point Retirement Plan, that authority rests with the City of Union Point, Georgia. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Union Point, Georgia with respect to the pension plan. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, GA 30303, or by calling (404) 688-0472. The total payroll for employees participating in the Plan as of January 1, 2014 (the most recent actuarial valuation date) was $605,617.

All employees who work twenty hours or more per week are eligible to participate after one year of service. Elected officials are not eligible to participate. The pension benefits are fully vested after 10 years in the plan. Participants become eligible to retire at age 65 with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.00% to 1.75% of his/her final average earnings in excess of a breakpoint that is determined based on age. An employee may elect early retirement at age 55 provided that the employee has a minimum of 10 years total credited service. Participants who have completed 10 years of credited services are eligible to designate a beneficiary to receive death benefits.

City employees are not permitted to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Matters and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. Plan assets do not include any loans, notes, bonds or other instruments or securities of the City or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	9
Terminated plan members entitled to, but not Receiving benefits	9
Active plan members	19
Total	37

Contributions

The plan is subject to the minimum funding standards of the Public Retirement System Standards Law (O.C.G.A. Section 47-20-10). The estimated minimum annual contribution under those standards is $32,194 which is 4.59% of covered payroll. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuation in annual contribution amounts and to accumulated sufficient funds to secure benefits under the plan. The GMEBS funding policy is to contribute an amount equal to the recommended contribution each year. The recommended contribution of $32,194, which is 4.59% of covered payroll, meets the guidelines for calculating an annual required contribution as set forth is GASB 27. Administrative expenses are based on the total covered payroll of plan members and are added to the annual funding requirement.

Annual Pension Cost

The City's required and actual employer contribution was $32,194 for the plan year ended January 1, 2014. The actuarial assumptions and actuarial cost method are as follows:

Valuation date	January 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases:	
Inflation at	3.5% per year
Merit or seniority	0.5% per year
Cost of living adjustments	0.0% per year

Net Pension Obligation

During the 1997 Plan Year, the City implemented the new GASB Statements 25 and 27. The pension liability was determined at the time of transition to these new standards in accordance with Statement No. 27. Historically, the City has always made the actuarially determined employer contribution, so that the City had no pension liability or asset at the point of transition to the new standards.

Fiscal Year Beginning	Pension Cost (APC)	of APC Contributed	Pension Obligation
10/1/2013	$ 32,194	100%	$ -
10/1/2012	33,893	100%	-
10/1/2011	36,774	100%	-

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/14	$ 814,824	$ 832,800	$ 17,976	97.84%	$ 605,617	2.97%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 January 1, 2014.

Defined Contribution Plan

The employees of the City may also participate in the City of Union Point Money Purchase Plan, a defined contribution pension plan established under Section 401A of the Internal Revenue Code. The plan administrator, the City of Union Point, has appointed Nationwide Retirement Solutions to provide record keeping and administrative services related to the plan. The Plan was established to provide supplemental benefits at retirement to the City's employees. All employees with 5 years of service are eligible to participate in the plan. Eligible employees are fully vested upon admission to the plan. At December 31, 2013, there were 8 active participants and 5 terminated participants. Under the terms of the plan, the City will make a contribution to

eligible participants equal to 50% of the employee's contribution to the Section 457 Deferred Compensation Plan, up to a maximum of 4% of salary. Total contributions by Union Point for 2014 were $3,533 by the employer and $6,890 by employees. The City's total payroll for the year ended December 31, 2013 was $816,332. Plan provisions and contribution requirements are established and may be amended by the Mayor and Council of the City of Union Point, Georgia.

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - $500, public official liabilities - $5,000, police professional liability - $5,000, all other risks have a deductible of $1,000.

The City participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates the risk pool.

As a part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issues, 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 any investigation, settlement discussions, and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the fund.

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

NOTE 11 – JOINT VENTURES

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

Greene County Development Authority

The Greene County Development Authority (the Authority) was established to develop, promote and expand for the public good and the general welfare, industry, agriculture, commerce, natural resources and vocational training and to make long range plans for the coordination of such development, promotion and expansion, within the territorial limits of Greene County, Georgia.

On April 6, 2004, the Authority and the City of Union Point, Georgia entered into an intergovernmental agreement with Greene County, Georgia, the City of Greensboro, Georgia, the City of White Plains, Georgia, the City of Siloam, Georgia, and the City of Woodville, Georgia. The agreement provides funding for the position of "Director of Economic Development" (Director). The Director will be employed by the Authority. Greene County shall provide administrative services related to payroll and employee benefits. Each joint venture member shall contribute a share of the director's expenses. The position shall have a budget which must be approved by all venture members and cannot exceed $100,000 per year. Member contributions shall be based on their relative participation in Greene County LOST funding. The agreement is for one year and renews automatically from year to year. Members can terminate their obligations on the anniversary date upon written notice at least ninety (90) days prior to the effective date. The City's share of the Director's expense was $3,679.

Complete financial statements of the Greene County Development Authority can be obtained by contacting the Authority at P.O. Box 741, Greensboro, GA 30642.

NOTE 12 – RELATED ENTITY

On September 10, 1957, the City of Union Point, Georgia entered into a cooperative agreement with the Housing Authority of the City of Union Point, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 200 units of low-rent housing located within the corporate limits of the City of Union Point. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- The projects are owned by a public body or government agency,
- A contract exists between the Housing Authority and the PHA,
- Bonds issued in connection with such project are outstanding.

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities from time to time without other cost or charge or with respect to such project. The payment in lieu of taxes shall be lower of either ten percent (10%) of the aggregate Shelter Rent actually collected but in no event to exceed the Shelter Rent charged by the Local Authority in respect to such project during the fiscal year or the amount permitted to be paid by applicable state law.

For the fiscal year ended September 30, 2014, the Authority made payments of $3,796 "in lieu of taxes".

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

SCHEDULE OF FUNDING PROGRESS

Measurement Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll (b-a)/c
01/01/14	$ 814,824	$ 832,800	$ 17,976	97.8%	$ 605,617	2.97%
01/01/13	772,512	790,132	17,620	97.8%	683,803	2.58%
01/01/12	719,873	760,602	40,729	94.6%	752,482	5.41%
01/01/11	675,708	707,845	32,137	95.5%	739,893	4.34%
01/01/10	629,304	669,714	40,410	94.0%	794,656	5.09%
10/01/09	583,282	656,188	72,906	88.9%	794,656	9.17%

SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

ASSETS	SPLOST 2009	LMIG Fund	CDBG Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 5,561	$ 34,968	$ -	$ 40,529
Due from other governments	3,306	-	86,771	90,077
Total Assets	$ 8,867	$ 34,968	$ 86,771	$ 130,606
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 86,771	$ 86,771
Due to other funds	8,783	-	-	8,783
Total Liabilities	8,783	-	86,771	95,554
Fund Balances:				
Restricted	84	34,968	-	35,052
Total fund balances	84	34,968	-	35,052
Total liabilities and fund balances	$ 8,867	$ 34,968	$ 86,771	$ 130,606

CITY OF UNION POINT, GEORGIA

COMBINGING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	SPLOST 2009	LMIG Fund	CDBG Fund	Total Nonmajor Governmental Funds
REVENUES:				
Intergovernmental	$ 3,307	$ 34,968	$ 117,931	$ 156,206
Total revenues	3,307	34,968	117,931	156,206
EXPENDITURES:				
Current:				
Public safety	3,307	-	-	3,307
Public works	-	-	36,260	36,260
Capital outlay	-	-	81,671	81,671
Total Expenditures	3,307	-	117,931	121,238
Net change in fund balances	-	34,968	-	34,968
Fund balances - beginning of year	84	-	-	84
Fund balances - end of year	$ 84	$ 34,968	$ -	$ 35,052

(THIS PAGE INTENTIONALLY LEFT BLANK)

GOVERNMENTAL REPORT

CITY OF UNION POINT, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Project	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total
2009 Referendum				
Fire Protection Facilities and Equipment	$ 300,000	$ 248,176	$ 3,307	$ 251,483
Total	$ 300,000	$ 248,176	$ 3,307	$ 251,483

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
SEPTEMBER 30, 2014

ASSETS		
Cash and cash equivalents	$	23,790
Total Assets	$	23,790
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to primary government	$	1,547
Total Liabilities		1,547
Fund Balance:		
Unassigned		22,243
Total Fund Balance		22,243
Total Liabilities and Fund Balance	$	23,790

CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Revenues:		
Intergovernmental	$	19,500
Special events		22,527
Donations		2,798
Total Revenues		44,825
Expenditures:		
Salaries		21,516
Communications		519
Advertising		3,539
Fees & Dues		1,135
Education & Training		764
Other Purchased Services		2,131
Supplies		5,066
Electricity		2,246
Repairs and maintenance		975
Miscellaneous		37
Total Expenditures		37,928
Net change in fund balance		6,897
Fund Balance, beginning of year		15,346
Fund Balance, end of year	$	22,243

(THIS PAGE INTENTIONALLY LEFT BLANK)

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

To the Mayor and Council of the
City of Union Point, 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 Point, Georgia as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Union Point, Georgia's basic financial statements, and have issued our report thereon dated February 27, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 City'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

1503 Bass Road
P.O. Box 6315 Macon, Georgia 31208-6315
Phone 478-742-3313 ▪ Fax 478-742-0316

Member of
American Institute of
Certified Public Accountants
www.clhp.com

468 South Houston Lake Road
Warner Robins, Georgia 31088
Phone 478-953-0125 ▪ Fax 478-953-0983

merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2014-001

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Union Point, Georgia's financial statements are free of 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*.

City of Union Point, Georgia's Response to Finding

City of Union Point, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Union Point, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Macon, Georgia
February 27, 2015

Financial Statement Findings

Findings noted on the "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":

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

2014-001 Special Events – Revenue Documentation

CRITERIA
Accounting and control procedures should be designed to insure that revenues from special events are supported by appropriate documentation. Typically, appropriate documentation would include support for registrations, donations, tickets sold and a summary report of the various event revenue.

CONDITION
The Union Junction Jamboree was held during the fiscal year. Supporting documentation was not available to substantiate the completeness of the event revenues.

CONTEXT
The Authority deposited $22,527 in the bank account for this event.

EFFECT
Failure to adequately monitor, document and reconcile special event revenue could increase the likelihood of misappropriation of funds.

CAUSE
The Authority did not establish adequate internal control policies and procedures over the collection of special event revenue.

RECOMMENDATION
The Authority should design an internal control system for future special events.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The Downtown Development Authority will immediately implement measures to assure that all revenues are accounted for individually and by the correct revenue account number.

(THIS PAGE INTENTIONALLY LEFT BLANK)