CITY OF UNION POINT, GEORGIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

CITY OF UNION POINT, GEORGIA

TABLE OF CONTENTS
SEPTEMBER 30, 2015

Page

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

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

FINANCIAL STATEMENTS

Government-wide Financial Statements
- Statement of Net Position 13-14
- Statement of Activities 15

Fund Financial Statements
- Balance Sheet – Governmental Funds 16
- Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 17
- Statement of Revenues, Expenditures, and Changes in Funds Balances – Governmental Funds 18
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 20-21
- Statement of Net Position – Proprietary Funds 22-23
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 24
- Statement of Cash Flows – Proprietary Funds 25-26

Notes to the Financial Statements ..... 27 – 48

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions 49

Schedule of Changes in the Net Pension Liability And Related Ratios 50

Noted to the Required Supplementary Information 51-52

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds 53

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 54

CITY OF UNION POINT, GEORGIA

TABLE OF CONTENTS
SEPTEMBER 30, 2015
(CONTINUED)

Page

Schedule of Project Expenditures with Special Sales Tax Proceeds 55

Component Unit – City of Union Point Downtown Development Authority

Balance Sheet 56
Statement of Revenues, Expenditures and Changes in Fund Balance 57

GOVERNMENTAL REPORTS

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* 58-59

Schedule of Findings and Responses 60

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, 2015, 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.

Matter of Emphasis

As discussed in Note 14 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, as of July 1, 2014*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 12, the schedule of contributions on page 49, the schedule of changes in the net pension liability and related ratios on page 50, and the notes to the required supplementary information on pages 51 and 52 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, the schedule of project expenditures with special sales tax proceeds, and the City of Union Point Downtown Development Authority financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the schedule of project expenditures with special sales tax proceeds, and the City of Union Point Downtown Development Authority financial statements 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, the schedule of project expenditures with special sales tax proceeds, and the City of Union Point Downtown Development Authority financial statements 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 March 18, 2016 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
March 18, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2015. 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 2015 by $6,798,921 (total net position).
- Of this amount, $1,375,936 (unrestricted net position) is available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by $437,242.
- At the close of fiscal year 2015, the City's governmental funds reported combined ending fund balances of $717,280. Of this amount, $479,709 or 66.80% 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 two 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 fund is the Public Safety SPLOST 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 2015 by $6,798,921.

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 $1,375,936 or 20.24% of total net position. Of the unrestricted net position, $2,193,495 or 32.36 % 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 $4,782,068 or 70.34% 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	
	2014	2015	2014	2015	2014	2015
Assets						
Current assets	$ 812,222	$ 734,623	$ 377,326	$ 597,878	$ 1,189,548	$ 1,332,501
Restricted assets	-	-	725,397	640,832	725,397	640,832
Other assets	-	-	2,047,610	2,193,495	2,047,610	2,193,495
Capital assets	1,270,350	1,277,741	4,405,319	4,458,816	5,675,669	5,736,557
Total assets	2,082,572	2,012,364	7,555,652	7,891,021	9,638,224	9,903,385
Deferred outflows of resources						
resources related to pensions	-	22,951	-	33,026	-	55,977
Liabilities						
Current liabilities	107,439	17,803	216,137	236,470	323,576	254,273
Long-term liabilities	4,096	76,724	2,772,639	2,797,276	2,776,735	2,874,000
	111,535	94,527	2,988,776	3,033,746	3,100,311	3,128,273
resources						
Deferred inflows of resources related to pensions	-	13,189	-	18,979	-	32,168
Net position						
assets	1,270,350	1,277,741	3,428,056	3,504,327	4,698,406	4,782,068
Restricted for:						
Renewal and replacement	-	-	124,000	-	124,000	-
Capital outlay	35,052	85	598,246	565,208	633,298	565,293
Debt services	-	-	3,151	75,624	3,151	75,624
Unrestricted	665,635	649,773	413,423	726,163	1,079,058	1,375,936
Total net position	$ 1,971,037	$ 1,927,599	$ 4,566,876	$ 4,871,322	$ 6,537,913	$ 6,798,921

An additional portion of the City's net position, $565,293 (8.31%), and $75,624 (1.11%), represent resources that are subject to external restrictions on how they may be used. The $75,624 represents water and sewer reserve accounts set aside as funds for one year's obligation for the City's outstanding water and sewer revenue bonds. The $565,293 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 increased the City's net position by $28,818 or 6.59% of the total increase in the net position of the City.

City of Union Point Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues						
Charges for services	$ 35,717	$ 40,684	$ 1,028,371	$ 1,071,326	$ 1,064,088	$ 1,112,010
Operating grants and contributions	95,282	60,852	-	-	95,282	60,852
Capital grants and contributions	117,931	256,209	241,627	362,514	359,558	618,723
General revenues						
Property tax	236,537	226,119	-	-	236,537	226,119
Sales tax	317,401	382,680	-	-	317,401	382,680
Other taxes	182,297	190,465	-	-	182,297	190,465
Investment earnings	857	856	258,731	146,936	259,588	147,792
Miscellanouse	8,487	23,996	13,888	101,474	22,375	125,470
Total revenue	994,509	1,181,861	1,542,617	1,682,250	2,537,126	2,864,111
Expenses						
General government	244,777	404,865	-	-	244,777	404,865
Judicial	33,896	38,307	-	-	33,896	38,307
Public safety	478,853	451,212	-	-	478,853	451,212
Public works	249,450	189,765	-	-	249,450	189,765
Culture and recreation	80,758	51,095	-	-	80,758	51,095
Housing and development	24,198	17,799	-	-	24,198	17,799
Water and sewer	-	-	920,548	923,632	920,548	923,632
Natural gas	-	-	608,409	350,194	608,409	350,194
Total expenses	1,111,932	1,153,043	1,528,957	1,273,826	2,640,889	2,426,869
Changes in net position	(117,423)	28,818	13,660	408,424	(103,763)	437,242
Net position - beginning of year, restate	2,088,460	1,898,781	4,553,216	4,462,898	6,641,676	6,361,679
Net position - end of year	$ 1,971,037	$ 1,927,599	$ 4,566,876	$ 4,871,322	$ 6,537,913	$ 6,798,921

Revenues. Property taxes of $226,119, sales tax of $382,680 and capital grants of $256,209 accounted for 68.55% 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 $27,923 for the purpose of providing fire protection to a designated service area in Greene County.

- Housing and development received operating grants and contributions totaling $32,929. 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.

Capital grants and contributions consisted of the following:

- General government capital grants received $256,209 from the 2013 Community Development Block Grant for installation of water lines and hydrants.

Expenses. The total expense for the governmental activities is $1,153,043. 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 $451,212 or 39.41% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses $28,818.

Business-type Activities. Business-type activities increased the City's net position by $408,424.

Revenues. Water and sewer revenue was $770,361 before contributions. Natural gas revenue was $300,965. 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 $923,632. Natural gas expense was $350,194.

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 $717,280. Exactly 66.88% of this amount or $479,709 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, 2015, unassigned fund balance of the General Fund was $479,709. 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, 2015 amounted to ($203,297); those of the Natural Gas Fund amounted to $929,460. The total change in Water and Sewer net position was an increase of $198,906; the change in Natural Gas net position was an increase of $209,518.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are a decrease of approximately $115,173 or 11.97% of the original budget. The decrease in the budgeted expenditures is attributable to a decrease 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 $59,197. 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 $18,126. These funds will be escrowed for a period of three years, in order to have enough funds available for a resurfacing project. The City completed a resurfacing project during the current fiscal year with prior years funding. The total LMIG Grant funds available from prior years were $34,969. The City contributed $22,973 to the project. 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 was $2,604,000. The estimated amount of the loan was $976,000, and the estimated amount of the grant was $1,628,000. After bids were opened, it was realized that there would be a cost overrun of approximately $770,000. The City applied to and receives additional funding from USDA Rural Development. The additional loan amount is $199,000 and the additional grant amount is $571,000. The current estimate for the total project is estimated to be $3,374,000. During the current fiscal year, the City expended $27,300 for engineering for this project. Construction began in December 2015.

- 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 are matching a portion of the funding of the project. During the current fiscal the City expended $5,900 in water and sewer funds for the projects. Capital contributions in the amount of $256,209 were transferred from the 2013 CDBG Grant Fund to the Water and Sewer Fund.

- The City expended $14,390 for minor renovations to city hall.

- The City installed a FuelMaster System to manage the City's use of gasoline and diesel. The cost was $15,435.

- A water line was extended on Thornton Street at a cost of $17,814.

- The City purchased rescue equipment for the fire department at a cost of $33,585. The equipment was purchased with Special Purpose Local Option sales tax funds.

City of Union Point Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	$ 17,665	$ 17,665	$ 22,044	$ 22,044	$ 39,709	$ 39,709
Site improvements	139,442	131,425	4,425	4,425	143,867	135,850
Construction in progre	2,840	-	329,193	234,976	332,033	234,976
Infrastructure	433,343	452,936	3,827,217	4,016,912	4,260,560	4,469,848
Buildings	569,942	558,758	59,731	56,266	629,673	615,024
Equipment	50,616	74,874	162,709	124,193	213,325	199,067
Vehicles	56,502	42,083	-	-	56,502	42,083
Total	$ 1,270,350	$ 1,277,741	$ 4,405,319	$ 4,458,816	$ 5,675,669	$ 5,736,557

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 $2,789,490 USDA Farmers Home Administration (Rural Development) Water and Sewerage Revenue Bonds account for $649,709, Georgia Environmental Facilities water and sewer loan accounts for $304,781, and $1,835,000 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	
	2014	2015	2014	2015	2014	2015
Revenue Bonds	$ -	$ -	$ 2,558,046	$ 2,484,709	$ 2,558,046	$ 2,484,709
GEFA Loan	-	-	319,217	304,781	319,217	304,781
Total	$ -	$ -	$ 2,877,263	$ 2,789,490	$ 2,877,263	$ 2,789,490

During the current fiscal year, the City's total water and sewer revenue bond and loan debt decreased by $87,773. 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.

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 2015 the City of Union Point did not have any capital leases.

Economic Factors

City's tax millage rate is 10.009 mills for the current fiscal year.

Water and sewer revenue increased by $172,199 or 24.81% before the capital contribution of $256,209 was added. The operating revenue increased by $172,230 or 24.83%. The water and sewer expense decreased by $1,706 or 0.19%. The decrease in expense was due to a decrease in interest expense.

Natural gas revenue decreased by $170,844 or 23.39.%. Natural gas expense decreased by $265,200. Cost of natural gas purchases decreased $51,809 or 35.62% while natural gas sales volumes increased by 911 MCF's or 4.30%. The increase in revenue and expense was associated with the increase in cost of gas from the previous fiscal year, an increase in the volume of gas sold, and in the issuance of debt.

With the economic slowdown that has occurred in prior fiscal years, the City will need to monitor its revenue collections. The revenue sources that the City should be most concerned with will be the property tax collections, the Local Option Sales Tax collections, and natural gas sales and revenue.

During the current fiscal year Local Option Sales Tax collections increased by $65,279 or 20.57% over the collections for the previous fiscal year. During fiscal year 2014 and until fiscal year 2023, Local Option Sales Tax collections will decrease by approximately $96,560 per year based on fiscal year 2013 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 10.000 mills in fiscal year 2014 to 10.009 mills or .009 mills (0.09%) during the current year. Property tax revenue decreased from $236,537 in 2014 to $226,119 in 2015 for a decrease of $10,418 or 4.40%. The reason for the reduction 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. This is in contrast to tax year 2014.

During this fiscal year and the previous fiscal year, the Natural Gas System has experienced losses. Several factors have contributed to the losses. The gas system no longer has any large and medium industrial customers. Since fiscal year 2006, the natural gas system has lost 73 customers or 14.43% of its customers. Also customers have become more aware of conservation measures and are utilizing those measures. An additional factor is government regulation and the increased cost of government regulation. Also former customers are seeking alternative means to heat their homes.

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

On February 16, 2016, the Union Point City Council entered in a Letter of Conditions agreement with USDA Rural Development to provide funding to construct a new water plant for the City. The estimated cost is $3,620,000. The Letter of Conditions provides for funding of $2,173,000 in loan funds and $1,447,000 in grant funds. The estimate interest rate for the loan is 2.50%. The terms of the loan are for forty years. The funding will require an increase in the City's water rates.

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 position) 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, 2015

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 541,187	$ 405,720	$ 946,907	$ 13,282
Certificates of deposit	-	100,000	100,000	-
Restricted cash	-	640,832	640,832	-
Accounts receivables, net				
Taxes	5,319	-	5,319	-
Accounts	12,648	78,604	91,252	40
Due from other governments	153,517	-	153,517	-
Due from component unit	3,430	-	3,430	-
Prepaid Items	18,522	13,554	32,076	-
Investment-joint venture	-	2,193,495	2,193,495	-
Capital assets:				
Nondepreciable assets	17,665	261,445	279,110	-
Depreciable assets, net	1,260,076	4,197,371	5,457,447	158,921
Total assets	2,012,364	7,891,021	9,903,385	172,243
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	22,951	33,026	55,977	-
Total deferred outflows of resources	22,951	33,026	55,977	-

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015
(CONTINUED)

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	7,071	42,013	49,084	-
Due to primary government	-	-	-	11,148
Due to other governments	-	2,901	2,901	-
Accrued expenses	6,990	4,736	11,726	-
Accrued interest	-	16,442	16,442	-
Customer deposits	-	70,711	70,711	-
Noncurrent liabilities:				
Due within one year				
Bonds payable	-	73,720	73,720	-
Notes payable	-	14,875	14,875	-
Compensated absences	3,742	11,072	14,814	-
Due in more than one year				
Bonds payable	-	2,390,203	2,390,203	-
Notes payable	-	289,906	289,906	-
Net pension liability	76,233	109,701	185,934	-
Compensated absences	491	7,466	7,957	-
Total liabilities	94,527	3,033,746	3,128,273	11,148
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	13,189	18,979	32,168	-
Total deferred inflows of resources	13,189	18,979	32,168	-
NET POSITION:				
Net investment in capital assets	1,277,741	3,504,327	4,782,068	158,921
Restricted for:				
Capital outlay	85	565,208	565,293	-
Debt service	-	75,624	75,624	-
Unrestricted	649,773	726,163	1,375,936	2,174
Total net position	$ 1,927,599	$ 4,871,322	$ 6,798,921	$ 161,095

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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	$ 404,865	$ 40,684	$ -	$ 256,209	$ (107,972)	$ -	$ (107,972)	
Judicial	38,307	-	-	-	(38,307)	-	(38,307)	
Public safety	451,212	-	27,923	-	(423,289)	-	(423,289)	
Public works	189,765	-	-	-	(189,765)	-	(189,765)	
Culture and recreation	51,095	-	-	-	(51,095)	-	(51,095)	
Housing and development	17,799	-	32,929	-	15,130	-	15,130	
Total governmental activities	1,153,043	40,684	60,852	256,209	(795,298)	-	(795,298)	
Business-type activities								
Water & Sewer	923,632	770,361	-	256,209	-	102,938	102,938	
Natural Gas	350,194	300,965	-	106,305	-	57,076	57,076	
Total business-type activities	1,273,826	1,071,326	-	362,514	-	160,014	160,014	
Total primary government	$ 2,426,869	$ 1,112,010	$ 60,852	$ 618,723	(795,298)	160,014	(635,284)	
Component Unit:								
Downtown Development Authority	$ 47,499	$ -	$ 23,814	$ -				$ (23,685)
General Revenues:								
Property taxes					226,119	-	226,119	-
Sales taxes					382,680	-	382,680	-
Business taxes					98,481	-	98,481	-
Franchise taxes					70,700	-	70,700	-
Other taxes					21,284	-	21,284	-
Investment earnings					856	146,936	147,792	-
Miscellaneous					23,996	101,474	125,470	-
Total general revenues					824,116	248,410	1,072,526	-
Change in net position					28,818	408,424	437,242	(23,685)
Net position - beginning of year, restated					1,898,781	4,462,898	6,361,679	184,780
Net position - end of year					$ 1,927,599	$ 4,871,322	$ 6,798,921	$ 161,095

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

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 541,187	$ -	$ -	$ 541,187
Accounts receivables (Net of allowances for uncollectibles):				
Taxes	5,319	-	-	5,319
Accounts	12,648	-	-	12,648
Due from other funds	-	-	85	85
Due from other governments	153,517	-	-	153,517
Due from component unit	3,430	-	-	3,430
Prepaid items	18,522	-	-	18,522
Total Assets	$ 734,623	$ -	$ 85	$ 734,708
LIABILITIES				
Accounts payable	$ 7,071	$ -	$ -	$ 7,071
Accrued expenses	6,990	-	-	6,990
Due to other funds	85	-	-	85
Total Liabilities	14,146	-	-	14,146
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,282	-	-	3,282
Total Deferred Inflows of Resources	3,282	-	-	3,282
FUND BALANCES				
Nonspendable	18,522	-	-	18,522
Restricted	-	-	85	85
Assigned	218,964	-	-	218,964
Unassigned	479,709	-	-	479,709
Total fund balances	717,195	-	85	717,280
Total liabilities, deferred inflows of resources and fund balances	$ 734,623	$ -	$ 85	$ 734,708

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, 2015

Amounts reported for governmental activities in the statement of net position are different		
Fund balances reported on balance sheet of governmental funds	$	717,280
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,277,741
Deferred outflows of resources		
Pension contributions		22,951
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		3,282
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		(4,233)
Net pension liability		(76,233)
Deferred inflows of resources		
Net difference between projected and actual investment earnings on pension plan investments		(13,189)
Net position of governmental activities	$	1,927,599

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, 2015

	General Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 758,631	$ -	$ -	$ 758,631
Licenses and permits	7,140	-	-	7,140
Intergovernmental	60,851	256,209	47,341	364,401
Charges for services	13,022	-	-	13,022
Fines and forfeitures	20,522	-	-	20,522
Investment income	856	-	-	856
Miscellaneous	23,986	-	11	23,997
Total revenues	885,008	256,209	47,352	1,188,569
EXPENDITURES:				
Current:				
General government	167,477	-	-	167,477
Judicial	38,307	-	-	38,307
Public safety	405,613	-	47,351	452,964
Public works	153,601	-	-	153,601
Culture and recreation	51,095	-	-	51,095
Housing and development	17,799	-	-	17,799
Capital outlay	-	256,209	34,968	291,177
Total Expenditures	833,892	256,209	82,319	1,172,420
Net change in fund balances	51,116	-	(34,967)	16,149
Fund balances - beginning of year	666,079	-	35,052	701,131
Fund balances - end of year	$ 717,195	$ -	$ 85	$ 717,280

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, 2015

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

Net change in fund balances - total governmental funds	$	16,149
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		118,512
Total depreciation		(111,121)
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.		(6,708)
Compensated Absences		
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:		
Compensated absences		6,201
Pension contributions in excess of change in pension liability		5,785
Change in net position of governmental activities	$	28,818

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 714,738	$ 749,770	$ 758,631	$ 8,861
Licenses and Permits	6,300	7,160	7,140	(20)
Intergovernmental Revenues	57,000	56,950	60,851	3,901
Charges for Services	5,850	13,305	13,022	(283)
Fines and Forfeitures	21,000	21,000	20,522	(478)
Investment income	900	875	856	(19)
Miscellaneous	8,400	24,325	23,986	(339)
Total Revenues	814,188	873,385	885,008	11,623
EXPENDITURES:				
Current				
General Government:				
Governing Body	15,259	13,535	13,027	508
Financial administration	119,896	115,122	112,358	2,764
City facilities	44,675	43,235	42,092	1,143
Judicial:				
Municipal court	42,787	39,600	38,307	1,293
Public safety:				
Police	399,862	364,840	364,203	637
Custody of prisoners	2,500	1,020	976	44
Fire administration	48,350	41,650	40,434	1,216
Animal control	300	300	-	300
Public works:				
Highways and streets	73,724	55,890	55,067	823
Solid waste and recycling	73,057	52,625	50,774	1,851
Cemetery	54,978	49,700	47,760	1,940
Culture and recreation:				
Parks and recreation	45,950	40,320	39,659	661
Library	11,436	11,440	11,436	4
Housing and development:				
Protective inspection administration	400	10	1	9
Economic development and assistance	2,756	2,550	4,035	(1,485)
Code enforcement	400	820	763	57

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, 2015
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Payments to Other Governmental Agencies:				
Downtown Development Authority	$ 26,100	$ 14,600	$ 13,000	$ 1,600
Total Expenditures	962,430	847,257	833,892	13,365
Net change in fund balance	(148,242)	26,128	51,116	24,988
Fund Balance - Beginning of Year	666,079	666,079	666,079	-
Fund Balance - End of Year	$ 517,837	$ 692,207	$ 717,195	$ 24,988

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 188,028	$ 217,692	$ 405,720
Restricted cash	75,624	565,208	640,832
Certificates of Deposit	-	100,000	100,000
Accounts receivable (net of allowance for uncollectibles)	69,058	9,546	78,604
Due from other funds	-	325,725	325,725
Prepaid items	9,497	4,057	13,554
Total current assets	342,207	1,222,228	1,564,435
Long-term assets:			
Investment-joint venture	-	2,193,495	2,193,495
Capital assets:			
Nondepreciable assets	261,445	-	261,445
Depreciable assets, net	4,108,074	89,297	4,197,371
Total long-term assets	4,369,519	2,282,792	6,652,311
Total assets	4,711,726	3,505,020	8,216,746
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	13,210	19,816	33,026
Total deferred outflows of resources	$ 13,210	$ 19,816	$ 33,026

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 38,713	$ 3,300	$ 42,013
Salaries and benefits payable	3,415	1,321	4,736
Accrued interest	3,142	13,300	16,442
Due to other funds	325,725	-	325,725
Due to other governments	-	2,901	2,901
Customer deposits	46,554	24,157	70,711
Bonds payable	8,720	65,000	73,720
Notes payable	14,875	-	14,875
Compensated absences	8,348	2,724	11,072
Total current liabilities	449,492	112,703	562,195
Long-term liabilities:			
Bonds payable	640,988	1,749,215	2,390,203
Notes payable	289,906	-	289,906
Net pension liability	43,880	65,821	109,701
Compensated absences	5,721	1,745	7,466
Total long-term liabilities	980,495	1,816,781	2,797,276
Total liabilities	1,429,987	1,929,484	3,359,471
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7,592	11,387	18,979
Total deferred inflows of resources related to pensions	7,592	11,387	18,979
NET POSITION			
Net investment in capital assets	3,415,030	89,297	3,504,327
Restricted:			
Restricted for debt service	75,624	-	75,624
Restricted for capital outlay	-	565,208	565,208
Unrestricted/(Deficit)	(203,297)	929,460	726,163
Total net position	$ 3,287,357	$ 1,583,965	$ 4,871,322

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, 2015

	Business-type Activities - Enterprise Funds		
Operating Revenues:	Water and Sewer Fund	Natural Gas Fund	Total
Charges for services	$ 770,361	$ 300,965	$ 1,071,326
Miscellaneous	95,554	5,920	101,474
Total operating revenues	865,915	306,885	1,172,800
Operating Expenses:			
Personal services	194,861	57,665	252,526
Purchased/contracted services	233,148	64,243	297,391
Supplies and materials	161,120	114,588	275,708
Depreciation	283,018	10,638	293,656
Other costs	-	15,582	15,582
Total Operating Expenses	872,147	262,716	1,134,863
Operating Income (Loss)	(6,232)	44,169	37,937
Non-Operating Revenues (Expenses):			
Investment earnings	414	637	1,051
Investment income-joint venture	-	145,885	145,885
Intergovernmental revenue	-	106,305	106,305
Intergovernmental expense	-	(33,272)	(33,272)
Interest expense	(51,485)	(54,206)	(105,691)
Total Non-Operating Revenues (Expenses)	(51,071)	165,349	114,278
Net Income (Loss) before Contributions	(57,303)	209,518	152,215
Capital contribution	256,209	-	256,209
Change in net position	198,906	209,518	408,424
Net position - beginning of year, restated	3,088,451	1,374,447	4,462,898
Net position - end of year	$ 3,287,357	$ 1,583,965	$ 4,871,322

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, 2015

	Business-type Activities - Enterprise Funds		
Cash Flows from Operating Activities:	Water and Sewer Fund	Natural Gas Fund	Total
Cash received from customers	$ 737,117	$ 319,865	$ 1,056,982
Cash paid to suppliers for good and services	(378,284)	(193,803)	(572,087)
Cash paid to employees	(194,490)	(58,280)	(252,770)
Net Cash Provided by (Used for) Operating Activities	164,343	67,782	232,125
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of assets	(90,946)	-	(90,946)
Principal paid on debt	(22,773)	(65,000)	(87,773)
Intergovernmental revenue	-	106,305	106,305
Intergovernmental expense	-	(33,272)	(33,272)
Interest paid on debt	(51,547)	(53,726)	(105,273)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(165,266)	(45,693)	(210,959)
Cash Flows from Investing Activities:			
Proceeds from long-term investments	124,000	-	124,000
Interest received	414	637	1,051
Net Cash Provided by (Used for) Investing Activities	124,414	637	125,051
Net Increase (Decrease) in Cash and Cash Equivalents	123,491	22,726	146,217
Cash and Cash Equivalents - Beginning of Year	140,161	760,174	900,335
Cash and Cash Equivalents - End of Year	$ 263,652	$ 782,900	$ 1,046,552
Noncash investing, capital, and financing activities:			
Contributions of capital assets from government	$ 256,209	$ -	$ 256,209
Total noncash investing, capital, and financing activities	$ 256,209	$ -	$ 256,209

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, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Reconciliation of Cash Equivalents:			
Cash	$ 188,028	$ 217,692	$ 405,720
Restricted cash	75,624	565,208	640,832
Total Cash and Cash Equivalents	$ 263,652	$ 782,900	$ 1,046,552
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (6,232)	$ 44,169	$ 37,937
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	283,018	10,638	293,656
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivables	(14,165)	218	(13,947)
(Increase) decrease in due from other funds	-	12,422	12,422
(Increase) decrease in prepaids	2,851	507	3,358
(Increase) decrease in deferred outflows of resources	878	1,317	2,195
Increase (decrease) in accounts payable	13,133	103	13,236
Increase (decrease) in due to other funds	(115,603)	-	(115,603)
Increase (decrease) in customer deposits	970	340	1,310
Increase (decrease) in accrued expenses	4,405	3,675	8,080
Increase (decrease) in deferred inflows of resources	(4,912)	(5,607)	(10,519)
Total adjustments	170,575	23,613	194,188
Net Cash Provided by (Used for) Operating Activities	$ 164,343	$ 67,782	$ 232,125

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.

The component unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined.

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. Excess of Expenditures over Appropriations

The following General Fund department had excess expenditures over appropriations in the amount shown for the fiscal year ended September 30, 2015.

General Fund:	
Economic development and assistance	$ 1,485

E. 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.

F. Receivables and Payables

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

G. 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 November 11, 2014. 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 January 31, 2015. For the fiscal year ended September 30, 2015, the collection period was November 13, 2014 to January 31, 2015.

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, 2015 amounted to $10,132, the estimate of uncollectible taxes was $4,813 and unavailable property tax revenue totaled $3,282.

H. Prepaid Items

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

I. 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.

J. 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, are 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

K. 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.

L. 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. The City has one item that qualifies for reporting in this category. The deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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 City has two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first 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. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

M. 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, 2015, restricted assets in the Enterprise Funds consisted of $75,624 in bond sinking funds, and $565,208 in bond funds for capital outlay.

N. 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.

O. 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, 2015:

	General Fund	Nonmajor Governmental	Total
Fund Balances			
Nonspendable:			
Prepaids	$ 18,522	$ -	$ 18,522
Restricted:			
Capital outlay	-	85	85
Road projects	-	-	-
Assigned for:			
Perpetual care	31,820	-	31,820
Equipment	1,144	-	1,144
Working capital	186,000	-	186,000
Unassigned	479,709	-	479,709
Total fund balances	$ 717,195	$ 85	$ 717,280

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, 2015 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, 2015, 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, 2015.

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	Water & Sewer Fund	Natural Gas Fund	Total
Accounts	$ 12,648	$ 117,603	$ 23,198	$ 153,449
Taxes	10,132	-	-	10,132
Intergovernmenal	153,517	-	-	153,517
Gross receivables	176,297	117,603	23,198	317,098
Less: allowance for uncollectibles	(4,813)	(48,545)	(13,652)	(67,010)
Net total receivables	$171,484	$69,058	$9,546	$250,088

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 17,665	$ -	$ -	$ -	$ 17,665
Construction in progress	2,840	19,705	-	(22,545)	-
Total capital assets not being depreciated	20,505	19,705	-	(22,545)	17,665
Capital assets being depreciated:					
Infrastructure	686,588	57,942	-	-	744,530
Site improvements	242,418	-	-	-	242,418
Buildings	1,143,304	-	-	14,390	1,157,694
Equipment	377,130	40,865	-	8,155	426,150
Vehicles	809,838	-	(36,858)	-	846,696
Total capital assets being depreciated	3,259,278	98,807	(36,858)	22,545	3,417,488
Less Accumulated Depreciation for:					
Infrastructure	253,245	38,349	-	-	291,594
Site improvements	102,976	8,017	-	-	110,993
Buildings	573,362	25,574	-	-	598,936
Equipment	326,514	24,762	-	-	351,276
Vehicles	753,336	14,419	(36,858)	-	804,613
Total accumulated depreciation	2,009,433	111,121	(36,858)	-	2,157,412
Total capital assets being depreciated, net	1,249,845	(12,314)	-	22,545	1,260,076
Governmental activities capital assets, net	$ 1,270,350	$ 7,391	$ -	$ -	$ 1,277,741

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	329,193	67,800	-	(162,017)	234,976
Total capital assets not being depreciated	355,662	67,800	-	(162,017)	261,445
Capital assets being depreciated:					
Infrastructure	6,984,179	274,022	-	162,017	7,420,218
Buildings	94,183	-	-	-	94,183
Equipment	802,473	5,331	-	-	807,804
Vehicles	179,348	-	-	-	179,348
Total capital assets being depreciated	8,060,183	279,353	-	162,017	8,501,553
Less Accumulated Depreciation for:					
Infrastructure	3,156,962	246,344	-	-	3,403,306
Buildings	34,452	3,465	-	-	37,917
Equipment	639,764	43,847	-	-	683,611
Vehicles	179,348	-	-	-	179,348
Total accumulated depreciation	4,010,526	293,656	-	-	4,304,182
Total capital assets being depreciated, net	4,049,657	(14,303)	-	162,017	4,197,371
Business-type activities capital assets, net	$ 4,405,319	$ 53,497	$ -	$ -	4,458,816
				Less related long-term debt oustanding *	(954,490)
				Net investment in capital assets	$ 3,504,326

* - 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 $1,814,215 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	$ 22,990
Public safety	31,833
Public works	56,298
Total governmental activities depreciation expense	$ 111,121

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

Water and sewer	$ 283,018
Natural gas	10,638
Total business-type activities depreciation expense	$ 293,656

Activity for the Downtown Development Authority for the fiscal year ended September 30, 2015, 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	18,281	3,616	-	21,897
Total accumulated depreciation	18,281	3,616	-	21,897
Total capital assets being depreciated, net	162,537	3,616	-	158,921
Authority capital assets, net	$ 162,537	$ 3,616	$ -	$ 158,921

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

At September 30, 2015, internal balances between funds of the City consisted of:

	Payable Fund		
Receivable Fund:	Nonmajor Governmental	Water & Sewer	Total
Governmental funds:			
General Fund	$ 85	$ -	$ 85
Natural Gas Fund	-	325,725	325,725
Total	$ 85	$ 325,725	$ 325,810

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	$ 2,047,610
Union Point's share of net income	145,885
Investment, September 30	$ 2,193,495

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, 2015. 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 2015, the City received $106,305 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, 2015 are as follows:

	Restated Beginning Balance	Increases	Decrease	Ending Balance	Due within One Year
Governmental activities:					
Net pension liability	$ 80,439	$ -	$ 4,206	$ 76,233	$ -
Compensated absences	10,434	5,203	11,404	4,233	3,742
Total governmental activities	$ 90,873	$ 5,203	$ 15,610	$ 80,466	$ 3,742
Business-type activities:					
Revenue bonds					
2008 Bonds	$ 658,046	$ -	$ 8,337	$ 649,709	$ 8,720
2013 Bonds	1,900,000	-	65,000	1,835,000	65,000
2013 Bond Discount	(21,527)	-	(742)	(20,785)	-
Notes payable	319,217	-	14,436	304,781	14,875
Net pension liability	115,753	-	6,052	109,701	-
Compensated absences	12,857	17,210	11,529	18,538	11,072
Total business-type activities	$ 2,984,346	$ 17,210	$ 104,612	$ 2,896,944	$ 99,667

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, 2015 are as follows:

	Business-type Activities					
Year Ending	2008 Revenue Bonds		2013 Revenue Bonds		GEFA Note	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 8,720	$ 29,192	$ 65,000	$ 65,119	$ 14,875	$ 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	10,439	27,373	75,000	59,316	16,769	7,046
2021-2025	59,853	129,207	355,000	260,859	91,815	27,362
2026-2030	74,943	114,117	235,000	212,275	106,654	12,323
2031-2035	93,837	95,223	295,000	160,534	27,272	514
2036-2040	117,495	71,565	360,000	93,534	-	-
2041-2045	147,117	41,943	255,000	16,681	-	-
2046-2049	108,663	7,925	-	-	-	-
Total	$ 649,709	$ 601,339	$ 1,835,000	$ 1,045,834	$ 304,781	$ 80,234

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, 2015 was $0.

NOTE 8 – RETIREMENT BENEFITS

Plan Description

The City's defined benefit pension plan, City of Union Point Retirement Plan, (the Plan) was established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 5.36% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At September 30, 2015, the City reported a net pension liability. The net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2015. An expected total pension liability as of September 30, 2014 was determined using standard roll-forward techniques.

For the year ended September 30, 2015, the City recognized pension expense relative to GMEBS in the amount of $31,184. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,920	$ -
Changes of assumptions	-	9,400
Net difference between projected and actual earnings on pension plan investments	-	22,768
Employer contributions subsequent to the measurement date	33,057	-
	$ 55,977	$ 32,168

City contributions subsequent to the measurement date of September 30, 2014 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ended September 30:	
2016	$ (2,988)
2017	(2,988)
2018	(2,988)
2019	(2,988)
2020	2,704
2021 and thereafter	-

Actuarial Assumptions: The total pension liability as of September 30, 2015 was determined by an actuarial valuation as of September 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25%, plus service based merit increases
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

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

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014.

Net Pension Liability:

Changes in the Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	$ 961,222	$ 765,030	$ 196,192
Changes for the year:			
Service cost	16,453	-	16,453
Interest	72,663	-	72,663
Difference between expected and actual experience	27,503	-	27,503
Contributions - employer	-	32,194	(32,194)
Net investment income	-	87,026	(87,026)
Benefit payments	(47,270)	(47,270)	-
Administrative expense	-	(3,621)	3,621
Other	(11,278)	-	(11,278)
Net changes	58,071	68,329	(10,258)
Balance at September 30, 2015	$ 1,019,293	$ 833,359	$ 185,934

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of $76,233 and $109,701 respectively.

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

return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 is summarized in the following table:

Asset class	Target allocation	Expected real rate of return	Nominal real rate of return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

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

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

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 327,456	$ 185,934	$ 68,855

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

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, 2014, 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 2015 were $3,273 by the employer and $6,790 by employees. The City's total payroll for the year ended December 31, 2014 was $713,699. 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 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLANS

A. Georgia Firefighters' Pension Fund

The City's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Union Point's financial statements.

B. Peace Officers' Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Union Point's financial statements.

NOTE 10 – 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 11 – 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 12 – 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 $0.

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 13 – 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, 2015, the Authority made payments of $6,014 "in lieu of taxes".

NOTE 14 – RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, as of July 1, 2014.*

The effect of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Net position September 30, 2014, as previously reported	$ 1,971,037	$ 4,566,876	$ 6,537,913
Implementation of GASB 68 / 71 for pensions: Record net pension liability	(72,256)	(103,978)	(176,234)
Net position September 30, 2014, restated	$ 1,898,781	$ 4,462,898	$ 6,361,679

	Proprietary Funds		
	Water & Sewer Fund	Natural Gas Fund	Total Proprietary Funds
Net position September 30, 2014, as previously reported	$ 3,130,747	$ 1,436,129	$ 4,566,876
Implementation of GASB 68 / 71 for pensions: Record net pension liability	(42,296)	(61,682)	(103,978)
Net position September 30, 2014, restated	$ 3,088,451	$ 1,374,447	$ 4,462,898

(THIS PAGE INTENTIONALLY LEFT BLANK)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

SCHEDULE OF CITY CONTRIBUTIONS

	2015
Actuarially determined contributions	$ 33,321
Contributions in relation to the actuarially determined contribution	33,057
Contribution deficiency (excess)	$ 264
City's covered-employee payroll	692,089
Contributions as a percentage of covered-employee payroll	5.36%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

Total pension liability		
Service cost	$	16,453
Interest on total pension liability		72,663
Difference between expected and actual experience		27,503
Changes of assumptions		(11,278)
Benefit payments, including refunds of employee contributions		(47,270)
Net change in total pension liability		58,071
Total pension liability - beginning		961,222
Total pension liability - ending (a)	$	1,019,293
Plan fiduciary net position		
Contributions - employer	$	32,194
Contributions - employee		-
Net investment income		87,026
Benefit payments, including refunds of member contributions		(47,270)
Administrative expenses		(3,621)
Net change in plan fiduciary net position		68,329
Plan fiduciary net position - beginning		765,030
Plan fiduciary net position - ending (b)	$	833,359
City's net pension liability (asset) - ending (a) - (b)	$	185,934
Plan fiduciary net position as a percentage of the total pension liability		81.76%
Covered-employee payroll		692,089
Net pension liability as a percentage of covered-employee payroll		26.87%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Changes of assumptions:

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2016, and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates were normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Valuation date	The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

(THIS PAGE INTENTIONALLY LEFT BLANK)

SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

ASSETS	SPLOST 2009	LMIG Fund	Total Nonmajor Governmental Funds
Due from other funds	$ 85	$ -	$ 85
Total Assets	$ 85	$ -	$ 85
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total Liabilities	-	-	-
Fund Balances:			
Restricted	85	-	85
Total fund balances	85	-	85
Total liabilities and fund balances	$ 85	$ -	$ 85

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, 2015

	SPLOST 2009	LMIG Fund	Total Nonmajor Governmental Funds
REVENUES:			
Intergovernmental	$ 47,341	$ -	$ 47,341
Other income	11	-	11
Total revenues	47,352	-	47,352
EXPENDITURES:			
Current:			
Public safety	47,351	-	47,351
Capital outlay	-	34,968	34,968
Total Expenditures	47,351	34,968	82,319
Net change in fund balances	1	(34,968)	(34,967)
Fund balances - beginning of year	84	34,968	35,052
Fund balances - end of year	$ 85	$ -	$ 85

CITY OF UNION POINT, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Project	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total
2009 Referendum				
Fire Protection Facilities and Equipment	$ 300,000	$ 251,483	$ 47,351	$ 298,834
Total	$ 300,000	$ 251,483	$ 47,351	$ 298,834

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
SEPTEMBER 30, 2015

ASSETS		
Cash and cash equivalents	$	13,282
Accounts receivable		40
Total Assets	$	13,322
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to primary government	$	11,148
Total Liabilities		11,148
Fund Balance:		
Unassigned		2,174
Total Fund Balance		2,174
Total Liabilities and Fund Balance	$	13,322

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, 2015

Revenues:		
Intergovernmental	$	6,500
Special events		15,596
Donations		1,718
Total Revenues		23,814
Expenditures:		
Salaries		19,876
Communications		476
Advertising		4,719
Fees & Dues		1,482
Education & Training		720
Other Purchased Services		3,520
Supplies		7,367
Electricity		2,731
Repairs and maintenance		380
Miscellaneous		2,612
Total Expenditures		43,883
Net change in fund balance		(20,069)
Fund Balance, beginning of year		22,243
Fund Balance, end of year	$	2,174

(THIS PAGE INTENTIONALLY LEFT BLANK)

GOVERNMENTAL REPORTS

(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, 2015, 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 March 18, 2016.

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. 2015-001

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.

Clark, Hall & Co., LLC

Macon, Georgia
March 18, 2016

CITY OF UNION POINT, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 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

2015-001 Special Events / Donations – Revenue Documentation

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

CONDITION
The Union Junction Jamboree was held in September 2015. Supporting documentation provided for donations and special event revenue could not substantiate the completeness of the receipts received during the event. In addition, donations and special event revenue were not deposited to the bank account in a timely manner.

CONTEXT
The donations and special event revenue receipt logs were not complete and reconciled to the accounting records. In performing procedures on the receipt books, we noted that receipts were not issued in sequential order.

EFFECT
Failure to adequately monitor, document and reconcile donations and 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 donations and special event revenue.

RECOMMENDATION
The Authority should design an internal control system for receipting and documenting donations and special events revenue.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The Downtown Development Authority (Authority) will be required to have complete receipts for all funds received by the Authority. Also, logs will be kept for special event revenues received. The Authority will also be required to deposit funds on a daily basis when they receive funds.

(THIS PAGE INTENTIONALLY LEFT BLANK)