CITY OF UNION POINT, GEORGIA

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

CITY OF UNION POINT, GEORGIA

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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, 2016, 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

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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, 2016, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof and for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 12, the schedule of changes in the net pension liability and related ratios on page 51, the schedule of contributions on page 52 and the notes to the required supplementary information on pages 53 and 54 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 schedule of project expenditures with special sales tax proceeds, the City of Union Point Downtown Development Authority financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of project expenditures with special sales tax proceeds, the City of Union Point Downtown Development Authority financial statements, and the schedule of expenditures of federal awards 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 schedule of project expenditures with special sales tax proceeds, the City of Union Point Downtown Development Authority financial statements, and the schedule of expenditures of federal awards 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, 2017 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, 2017

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, 2016. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by $8,671,619 (total net position).
- Of this amount, $1,558,972 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by $1,825,681.
- At the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of $665,736. Of this amount, $429,809 or 64.56% 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 and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of fiscal year 2016 by $8,671,619.

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 $1,558,972 or 17.98% of total net position. Of the unrestricted net position, $2,197,644 or 25.34 % 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 $6,365,654 or 73.41% 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	
	2016	2015	2016	Restated 2015	2016	Restated 2015
Assets						
Current assets	$ 697,384	$ 734,623	$ 935,567	$ 597,878	$ 1,632,951	$ 1,332,501
Restricted assets	-	-	746,908	640,832	746,908	640,832
Other assets	-	-	2,197,644	2,193,495	2,197,644	2,193,495
Capital assets	1,263,359	1,277,741	7,198,220	4,458,816	8,461,579	5,736,557
Total assets	1,960,743	2,012,364	11,078,339	7,891,021	13,039,082	9,903,385
Deferred outflows of resources						
Related to pensions	41,778	22,951	38,391	16,793	80,169	39,744
Liabilities						
Current liabilities	25,735	17,803	473,703	236,470	499,438	254,273
Long-term liabilities	97,242	76,724	3,833,488	2,743,355	3,930,730	2,820,079
	122,977	94,527	4,307,191	2,979,825	4,430,168	3,074,352
Deferred inflows of resources						
Related to pensions	9,101	13,189	8,363	9,650	17,464	22,839
Net position						
Net investment in capital assets	1,263,359	1,277,741	5,102,295	3,504,327	6,365,654	4,782,068
Restricted for:						
Capital outlay	85	85	565,332	565,208	565,417	565,293
Debt services	-	-	181,576	75,624	181,576	75,624
Unrestricted	606,999	649,773	951,973	773,180	1,558,972	1,422,953
Total net position	$ 1,870,443	$ 1,927,599	$ 6,801,176	$ 4,918,339	$ 8,671,619	$ 6,845,938

An additional portion of the City's net position, $565,417 (6.52%), and $181,576 (2.09%), represent resources that are subject to external restrictions on how they may be used. The $181,576 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 $565,417 represents funds set aside for capital outlay.

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

Governmental Activities. Governmental activities decreased the City's net position by $57,156.

City of Union Point Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	Restated 2015	2016	Restated 2015
Revenues:						
Program revenues						
Charges for service	$ 29,310	$ 40,684	$ 1,070,898	$ 1,071,326	$ 1,100,208	$ 1,112,010
Operating grants and contributio	88,018	60,852	-	-	88,018	60,852
Capital grants and contributions	-	256,209	2,107,287	362,514	2,107,287	618,723
General revenues						
Property tax	231,051	226,119	-	-	231,051	226,119
Sales tax	342,609	382,680	-	-	342,609	382,680
Other taxes	196,483	190,465	-	-	196,483	190,465
Investment earnings	2,119	856	4,454	146,936	6,573	147,792
Miscellaneous	19,795	23,996	5,145	101,474	24,940	125,470
Total revenue	909,385	1,181,861	3,187,784	1,682,250	4,097,169	2,864,111
Expenses:						
General government	239,317	404,865	-	-	239,317	404,865
Judicial	22,729	38,307	-	-	22,729	38,307
Public safety	471,449	451,212	-	-	471,449	451,212
Public works	145,006	189,765	-	-	145,006	189,765
Culture and recreation	61,186	51,095	-	-	61,186	51,095
Housing and development	26,854	17,799	-	-	26,854	17,799
Water and sewer	-	-	930,404	923,632	930,404	923,632
Natural gas	-	-	374,543	303,177	374,543	303,177
Total expenses	966,541	1,153,043	1,304,947	1,226,809	2,271,488	2,379,852
Change in net position	(57,156)	28,818	1,882,837	455,441	1,825,681	484,259
Net position - beginning of year	1,927,599	1,898,781	4,918,339	4,462,898	6,845,938	6,361,679
Net position - end of year	$ 1,870,443	$ 1,927,599	$ 6,801,176	$ 4,918,339	$ 8,671,619	$ 6,845,938

Revenues. Property taxes of $231,051, sales tax of $342,609 and other taxes of $196,483 accounted for 84.69% of total governmental revenues.

Operating grants and contributions consisted of the following:

- Public safety received operating grants and contributions from the Governor's Office of Highway Safety in the amount of $9,960.
- Public safety received operating grants and contributions from the Greene County Board of Commissioners totaling $25,235 for the purpose of providing fire protection to a designated service area in Greene County.

- Public works received funds in the amount of $20,287 from the Georgia Department of Transportation's Local Maintenance and Improvement Grant program.
- Housing and development received operating grants and contributions totaling $32,536. 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.

Expenses. The total expense for the governmental activities is $966,541. 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 $471,449 or 48.78% of total governmental activity expense.

Total expenses exceeded program revenues and general revenues by $57,156.

Business-type Activities. Business-type activities increased the City's net position by $1,882,837.

Revenues. Water and sewer revenue was $819,236. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City.

The Water and Sewer System received $2,002,034 in grant funds from the USDA Rural Development Water and Wastewater Program for the upgraded to the wastewater treatment plant. This project will extend into fiscal year 2017.

Natural gas revenue was $251,662. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

The natural gas system received $105,253 in funds from Tri-County Natural Gas. These funds were reimbursed to the City for a bond issue principal and interest payment. The bonds were used to extend the Tri-County Natural Gas line along Highway 44 to Lake Oconee and to complete a bypass through the City of Greensboro.

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 $930,404. Natural gas expense was $374,543.

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 $665,736. Exactly 64.56% of this amount or $429,809 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, 2016, unassigned fund balance of the General Fund was $429,809. 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, 2016 amounted to $456; those of the Natural Gas Fund amounted to $951,517. The total change in Water and Sewer net position was an increase of $1,892,011; the change in Natural Gas net position was a decrease of $9,174.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are a decrease of approximately 22,935 or 2.23% of the original budget. The decrease in the budgeted expenditures is attributable to an overall decrease in expenses. Budgeted revenue increased from the original budget in the amount of $23,748. 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 $20,287. These funds will be escrowed for a period of three years, in order to have enough funds available for a resurfacing project. The total LMIG Grant funds available from prior years were $18,127. The selected streets will be resurfaced in fiscal year 2017 when the City will receive the third installment from the LMIG Grant. The City's match will thirty percent of the funds received during the three year period.
- A patrol car ($22,729); equipment for the patrol car ($7,230); and an intoxilyzer ($8,482) were purchased for the police department.

City of Union Point Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	$ 17,665	$ 17,665	$ 22,044	$ 22,044	$ 39,709	$ 39,709
Site improvements	123,408	131,425	4,425	4,425	127,833	135,850
Construction in prog	54,860	-	3,206,595	234,976	3,261,455	234,976
Infrastructure	413,944	452,936	3,793,601	4,016,912	4,207,545	4,469,848
Buildings	532,824	558,758	52,801	56,266	585,625	615,024
Equipment	64,030	74,874	98,774	124,193	162,804	199,067
Vehicles	56,628	42,083	19,980	-	76,608	42,083
Total	$ 1,263,359	$ 1,277,741	$ 7,198,220	$ 4,458,816	$ 8,461,579	$ 5,736,557

Proprietary Funds.

- The City is in the process of major upgrades at the Wastewater Treatment Plant. The City has a 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 received 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 $2,979,177 for engineering and construction for this project. Construction began in December 2015.
- The City purchased two meter reading tablets and software at a cost of $7,156 each.
- A water line was extended on North Rhodes Street at a cost of $33,954.

The City expended $19,442 in engineering fees for the proposed new water treatment plant. USDA Rural Development has issued a Letter of Conditions for the bond issue to upgrade the Water Plant and the City has executed the Request for Obligation of Funds to be held for the project. The estimated cost of the project is $3,620,000. $2,173,000 will be a loan and $1,447,000 will be a grant.

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 $3,576,019 USDA Farmers Home Administration (Rural Development) Water and Sewerage Revenue Bonds account for $1,806,019, Georgia Environmental Facilities water and sewer loan accounts for $289,906, and $1,770,000 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	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	$ -	$ -	$ 3,576,019	$ 2,484,709	$ 3,576,019	$ 2,484,709
GEFA Loan	-	-	289,906	304,781	289,906	304,781
Total	$ -	$ -	$ 3,865,925	$ 2,789,490	$ 3,865,925	$ 2,789,490

During the current fiscal year, the City's total water and sewer revenue bond and loan debt increased by $1,156,310.

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.

Also USDA Rural Development issued bonds to the City (2015A and 2015B Bonds) for the wastewater treatment plant project. The total amount of the bonds issued was $1,175,000 at an interest rate of 1.875%

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 2016 the City of Union Point did not have any capital leases.

Economic Factors

City's tax millage rate is 9.810 mills for the current fiscal year.

Water and sewer revenue increased by $1,699,877 or 100.5143%. This amount included USDA Rural Development funds in the amount of $2,002,034. Operating revenue decreased by $45,640 or 5.27%. The water and sewer expense increased by $6,772 or 0.73%. The increase in expense was due to an increase in interest expense.

Natural gas revenue decreased by $194,343 or 34.72%. Natural gas sales decreased by $55,249 or 19.28%. Natural gas expense increased by $24,349 or 6.95%. Cost of natural gas purchases decreased $51,809 or 35.62% while natural gas purchases decreased by $25,774 or 27.52%. Natural gas sales volumes decreased by 2,949 MCF's or 14.56%. The decrease in revenue and expense was associated with the decrease in cost of gas from the previous fiscal year, an decrease in the volume of gas sold.

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. Lack of industry and commercial businesses has placed a burden on all of the City's funding.

During the current fiscal year Local Option Sales Tax collections increased by $7,270 or 2.17% over the collections for the previous fiscal year. During fiscal year 2014 and until fiscal year 2023, Local Option Sales Tax collections may 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 decreased from 10.009 mills in fiscal year 2015 to 9.81 mills or .199 mills (1.99%) less during the current year. Property tax revenue increased from $226,119 in 2015 to $231,051 in 2016 for an increase of $4,932 or 2.18%. Other taxes increased by $6,018 or 3.16%. The reason for the increase in the tax base and tax revenue is a slight increase in property evaluations.

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 and fewer commercial customers. Since fiscal year 2006, the natural gas system has lost 99 customers or 19.57% 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 must find ways to reduce its costs. One option the City is working toward is the consolidation of operations of the Tri-County Natural Gas System, the City of Greensboro Natural Gas System and the City of Union Point Natural Gas System. We have already identified at least $45,000 in savings for all three systems.

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 estimated 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 project is expected to begin in fiscal year 2018.

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, 2016

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 489,820	$ 475,196	$ 965,016	$ 17,767
Restricted cash	-	746,908	746,908	-
Accounts receivables, net				
Taxes	8,724	-	8,724	-
Accounts	12,734	105,442	118,176	40
Due from other governments	170,428	338,962	509,390	-
Prepaid Items	15,678	15,967	31,645	-
Investment-joint venture	-	2,197,644	2,197,644	-
Capital assets:				
Nondepreciable assets	72,525	3,233,064	3,305,589	-
Depreciable assets, net	1,190,834	3,965,156	5,155,990	155,304
Total assets	1,960,743	11,078,339	13,039,082	173,111
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	41,778	38,391	80,169	-
Total deferred outflows of resources	41,778	38,391	80,169	-

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
(CONTINUED)

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	21,597	243,643	265,240	7,112
Due to other governments	-	6,202	6,202	2,315
Accrued expenses	2,234	6,916	9,150	-
Accrued interest	-	16,081	16,081	-
Customer deposits	-	80,416	80,416	-
Noncurrent liabilities:				
Due within one year				
Bonds payable	-	94,342	94,342	-
Notes payable	-	15,328	15,328	-
Compensated absences	1,904	10,775	12,679	-
Due in more than one year				
Bonds payable	-	3,461,634	3,461,634	-
Notes payable	-	274,578	274,578	-
Net pension liability	97,242	89,357	186,599	-
Compensated absences	-	7,919	7,919	-
Total liabilities	122,977	4,307,191	4,430,168	9,427
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	9,101	8,363	17,464	-
Total deferred inflows of resources	9,101	8,363	17,464	-
NET POSITION:				
Net investment in capital assets	1,263,359	5,102,295	6,365,654	155,304
Restricted for:				
Capital outlay	85	565,332	565,417	-
Debt service	-	181,576	181,576	-
Unrestricted	606,999	951,973	1,558,972	8,380
Total net position	$ 1,870,443	$ 6,801,176	$ 8,671,619	$ 163,684

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 239,317	$ 29,310	$ -	$ -
Judicial	22,729	-	-	-
Public safety	471,449	-	35,195	-
Public works	145,006	-	20,287	-
Culture and recreation	61,186	-	-	-
Housing and development	26,854	-	32,536	-
Total governmental activities	966,541	29,310	88,018	-
Business-type activities				
Water & Sewer	930,404	819,236	-	2,002,034
Natural Gas	374,543	251,662	-	105,253
Total business-type activities	1,304,947	1,070,898	-	2,107,287
Total primary government	$ 2,271,488	$ 1,100,208	$ 88,018	$ 2,107,287
Component Unit:				
Downtown Development Authority	$ 43,448	$ -	$ 44,037	$ -
General Revenues:				
Property taxes				
Sales taxes				
Other taxes				
Interest earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning of year, restated				
Net position - end of year				

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
	$ (210,007)	$ -	$ (210,007)	
	(22,729)	-	(22,729)	
	(436,254)	-	(436,254)	
	(124,719)	-	(124,719)	
	(61,186)	-	(61,186)	
	5,682	-	5,682	
	(849,213)	-	(849,213)	
	-	1,890,866	1,890,866	
	-	(17,628)	(17,628)	
	-	1,873,238	1,873,238	
	(849,213)	1,873,238	1,024,025	
				$ 589
	231,051	-	231,051	-
	342,609	-	342,609	-
	196,483	-	196,483	-
	2,119	4,454	6,573	-
	19,795	5,145	24,940	2,000
	792,057	9,599	801,656	2,000
	(57,156)	1,882,837	1,825,681	2,589
	1,927,599	4,918,339	6,845,938	161,095
	$ 1,870,443	$ 6,801,176	$ 8,671,619	$ 163,684

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

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Non-Major SPLOST 2009 Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 489,735	$ 85	$ 489,820
Accounts receivables (Net of allowances for uncollectibles):			
Taxes	8,724	-	8,724
Accounts	12,734	-	12,734
Due from other governments	170,428	-	170,428
Prepaid items	15,678	-	15,678
Total Assets	$ 697,299	$ 85	$ 697,384
LIABILITIES			
Accounts payable	$ 21,597	$ -	$ 21,597
Accrued expenses	2,234	-	2,234
Total Liabilities	23,831	-	23,831
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	7,817	-	7,817
Total Deferred Inflows of Resources	7,817	-	7,817
FUND BALANCES			
Nonspendable	15,678	-	15,678
Restricted	-	85	85
Assigned	220,164	-	220,164
Unassigned	429,809	-	429,809
Total fund balances	665,651	85	665,736
Total liabilities, deferred inflows of resources and fund balances	$ 697,299	$ 85	$ 697,384

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, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Total Fund Balances - Governmental Funds	$	665,736
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,263,359
Deferred outflows of resources		
Related to pensions		41,778
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 of the following:		
Compensated absences		(1,904)
Net pension liability		(97,242)
Deferred inflows of resources		
Related to pensions		(9,101)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		7,817
Net position of governmental activities	$	1,870,443

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, 2016

	General Fund	Non-Major SPLOST 2009 Fund	Total Governmental Funds
REVENUES:			
Taxes	$ 765,608	$ -	$ 765,608
Licenses and permits	7,881	-	7,881
Intergovernmental	88,018	-	88,018
Charges for services	9,450	-	9,450
Fines and forfeitures	11,979	-	11,979
Interest income	2,119	-	2,119
Miscellaneous	19,795	-	19,795
Total revenues	904,850	-	904,850
EXPENDITURES:			
Current:			
General government	275,422	-	275,422
Judicial	22,729	-	22,729
Public safety	478,057	-	478,057
Public works	92,146	-	92,146
Culture and recreation	61,186	-	61,186
Housing and development	26,854	-	26,854
Total Expenditures	956,394	-	956,394
Net change in fund balances	(51,544)	-	(51,544)
Fund balances - beginning of year	717,195	85	717,280
Fund balances - end of year	$ 665,651	$ 85	$ 665,736

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, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(51,544)
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		93,301
Total depreciation		(107,683)
Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.		
Change in deferred outflows of resources related to pensions		18,827
Long-term Debt		
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		2,329
Net pension liability		(21,009)
Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.		
Change in deferred inflows of resources related to pensions		4,088
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,535
Change in net position of governmental activities	$	(57,156)

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, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 753,600	$ 773,694	$ 765,608	$ (8,086)
Licenses and Permits	6,500	7,961	7,881	(80)
Intergovernmental Revenues	77,000	88,901	88,018	(883)
Charges for Services	5,600	9,548	9,450	(98)
Fines and Forfeitures	21,000	12,099	11,979	(120)
Interest income	900	2,141	2,119	(22)
Miscellaneous	24,250	18,254	19,795	1,541
Total Revenues	888,850	912,598	904,850	(7,748)
EXPENDITURES:				
Current				
General Government:				
Governing Body	15,320	12,130	9,608	2,522
Financial administration	197,710	237,710	226,374	11,336
City facilities	35,450	41,418	39,441	1,977
Judicial:				
Municipal court	27,650	23,873	22,729	1,144
Public safety:				
Police	443,453	453,482	431,879	21,603
Custody of prisoners	2,500	1,963	1,869	94
Fire administration	49,900	46,530	44,309	2,221
Animal control	300	-	-	-
Public works:				
Highways and streets	60,875	52,435	49,934	2,501
Solid waste and recycling	50,700	24,941	23,748	1,193
Cemetery	43,660	19,392	18,464	928
Culture and recreation:				
Parks and recreation	49,780	46,526	44,306	2,220
Library	15,200	17,725	16,880	845
Housing and development:				
Protective inspection administration	410	-	-	-
Economic development and assistance	36,350	28,198	26,853	1,345

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, 2016
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Total Expenditures	$ 1,029,258	$ 1,006,323	$ 956,394	$ 49,929
Net change in fund balance	(140,408)	(93,725)	(51,544)	42,181
Fund Balance - Beginning of Year	717,195	717,195	717,195	-
Fund Balance - End of Year	$ 576,787	$ 623,470	$ 665,651	$ 42,181

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 230,507	$ 244,689	$ 475,196
Restricted cash	181,576	565,332	746,908
Accounts receivable (net of allowance for uncollectibles)	97,436	8,006	105,442
Due from other funds	-	313,304	313,304
Due from other governments	338,962	-	338,962
Prepaid items	11,268	4,699	15,967
Total current assets	859,749	1,136,030	1,995,779
Long-term assets:			
Investment-joint venture	-	2,197,644	2,197,644
Capital assets:			
Nondepreciable assets	3,233,064	-	3,233,064
Depreciable assets, net	3,860,197	104,959	3,965,156
Total long-term assets	7,093,261	2,302,603	9,395,864
Total assets	7,953,010	3,438,633	11,391,643
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	30,487	7,904	38,391
Total deferred outflows of resources	$ 30,487	$ 7,904	$ 38,391

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

CITY OF UNION POINT, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 239,966	$ 3,677	$ 243,643
Salaries and benefits payable	4,755	2,161	6,916
Accrued interest	3,080	13,001	16,081
Due to other funds	313,304	-	313,304
Due to other governments	-	6,202	6,202
Customer deposits	54,498	25,918	80,416
Bonds payable	29,342	65,000	94,342
Notes payable	15,328	-	15,328
Compensated absences	8,607	2,168	10,775
Total current liabilities	668,880	118,127	787,007
Long-term liabilities:			
Bonds payable	1,776,677	1,684,957	3,461,634
Notes payable	274,578	-	274,578
Net pension liability	70,960	18,397	89,357
Compensated absences	6,393	1,526	7,919
Total long-term liabilities	2,128,608	1,704,880	3,833,488
Total liabilities	2,797,488	1,823,007	4,620,495
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	6,641	1,722	8,363
Total deferred inflows of resources related to pensions	6,641	1,722	8,363
NET POSITION			
Net investment in capital assets	4,997,336	104,959	5,102,295
Restricted:			
Debt service	181,576	-	181,576
Capital outlay	-	565,332	565,332
Unrestricted	456	951,517	951,973
Total net position	$ 5,179,368	$ 1,621,808	$ 6,801,176

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

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CITY OF UNION POINT, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Operating Revenues:			
Charges for services	$ 819,236	$ 251,662	$ 1,070,898
Miscellaneous	1,039	4,106	5,145
Total operating revenues	820,275	255,768	1,076,043
Operating Expenses:			
Personal services	249,151	104,250	353,401
Purchased/contracted services	161,412	96,476	257,888
Supplies and materials	161,921	90,754	252,675
Depreciation	288,988	16,733	305,721
Other costs	-	13,212	13,212
Total Operating Expenses	861,472	321,425	1,182,897
Operating Income (Loss)	(41,197)	(65,657)	(106,854)
Non-Operating Revenues (Expenses):			
Investment earnings	106	199	305
Investment income-joint venture	-	4,149	4,149
Intergovernmental revenue	2,002,034	105,253	2,107,287
Interest expense	(68,932)	(53,118)	(122,050)
Total Non-Operating Revenues (Expenses)	1,933,208	56,483	1,989,691
Change in net position	1,892,011	(9,174)	1,882,837
Net position - beginning of year, restated	3,287,357	1,630,982	4,918,339
Net position - end of year	$ 5,179,368	$ 1,621,808	$ 6,801,176

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, 2016

	Business-type Activities - Enterprise Funds		
Cash Flows from Operating Activities:	Water and Sewer Fund	Natural Gas Fund	Total
Cash received from customers	$ 448,458	$ 271,490	$ 719,948
Cash paid to suppliers for good and services	(123,851)	(200,707)	(324,558)
Cash paid to employees	(238,028)	(99,044)	(337,072)
Net Cash Provided by (Used for) Operating Activities	86,579	(28,261)	58,318
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of assets	(3,012,729)	(32,395)	(3,045,124)
Principal paid on debt	(33,565)	(65,000)	(98,565)
Intergovernmental revenue	2,002,034	105,253	2,107,287
Proceeds from short-term financing	1,175,000	-	1,175,000
Interest paid on debt	(68,994)	(52,675)	(121,669)
Net Cash Provided by (Used for) Capital and Related Financing Activities	61,746	(44,817)	16,929
Cash Flows from Investing Activities:			
Interest received	106	199	305
Net Cash Provided by (Used for) Investing Activities	106	199	305
Net Increase (Decrease) in Cash and Cash Equivalents	148,431	(72,879)	75,552
Cash and Cash Equivalents - Beginning of Year	263,652	882,900	1,146,552
Cash and Cash Equivalents - End of Year	$ 412,083	$ 810,021	$ 1,222,104

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, 2016
(CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Natural Gas Fund	Total
Reconciliation of Cash Equivalents:			
Cash	$ 230,507	$ 244,689	$ 475,196
Restricted cash	181,576	565,332	746,908
Total Cash and Cash Equivalents	$ 412,083	$ 810,021	$ 1,222,104
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (41,197)	$ (65,657)	$ (106,854)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	288,988	16,733	305,721
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivables	(28,378)	1,540	(26,838)
(Increase) decrease in due from other funds	-	12,421	12,421
(Increase) decrease in due from other governments	(338,962)	-	(338,962)
(Increase) decrease in prepaids	(1,771)	(642)	(2,413)
(Increase) decrease in deferred outflows of resources	(17,277)	(4,321)	(21,598)
Increase (decrease) in accounts payable	201,253	377	201,630
Increase (decrease) in due to other funds	(12,421)	-	(12,421)
Increase (decrease) in customer deposits	7,944	1,761	9,705
Increase (decrease) in accrued expenses	2,271	3,366	5,637
Increase (decrease) in net pension liability	27,080	6,497	33,577
Increase (decrease) in deferred inflows of resources	(951)	(336)	(1,287)
Total adjustments	127,776	37,396	165,172
Net Cash Provided by (Used for) Operating Activities	$ 86,579	$ (28,261)	$ 58,318

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

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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. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59: bonds, bills certificates of indebtedness, notes, or other direct obligations of the United States, the State of Georgia, or counties or municipalities of the State of Georgia; bonds of any public authority created by Georgia law; industrial revenue bonds or bonds of development authorities; Home Loan Mortgage Corporation and Federal National Mortgage Association.

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

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

E. Receivables and Payables

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

F. Property Tax Calendar

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Greene County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Greene County Tax Commissioner distributes motor vehicle tax notices and collects those tax payments. Motor vehicle taxes are due based on the birthday of the owner. Property taxes are sent out and collected by the City and are usually billed in October of each year.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	October 28	January 1
Due Date and Collection Date	December 1	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2015 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unavailable revenues on the Governmental Fund statements.

Taxes receivable at September 30, 2016 amounted to $13,192, the estimate of uncollectible taxes was $4,468 and unavailable property tax revenue totaled $7,817.

G. Prepaid Items

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

H. Inventories

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

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items acquired subsequent to January 1, 2004), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with individual costs that equal to or exceed $5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition 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

J. Compensated Absences

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

K. Deferred Inflows / Outflows of Resources

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

L. Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for the repayment of the current portion of certain long-term obligations, are classified as restricted assets. At September 30, 2016, restricted assets in the Enterprise Funds consisted of $181,576 in bond sinking funds, and $565,332 in bond funds for capital outlay.

M. Net Position Flow Assumption

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

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

N. Fund Balance

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

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

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

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2016:

	General Fund	Nonmajor Governmental	Total
Fund Balances			
Nonspendable:			
Prepaids	$ 15,678	$ -	$ 15,678
Restricted:			
Capital outlay	-	85	85
Assigned for:			
Perpetual care	33,020	-	33,020
Equipment	1,144	-	1,144
Working capital	186,000	-	186,000
Unassigned	429,809	-	429,809
Total fund balances	$ 665,651	$ 85	$ 665,736

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, 2016 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.

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	$ 12,734	$ 143,177	$ 19,951	$ 175,862
Taxes	13,192	-	-	13,192
Intergovernmenal	170,428	338,962	-	509,390
Gross receivables	196,354	482,139	19,951	698,444
Less: allowance for uncollectibles	(4,468)	(45,741)	(11,945)	(62,154)
Net total receivables	$191,886	$436,398	$8,006	$636,290

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 17,665	$ -	$ -	$ 17,665
Construction in progress	-	54,860	-	54,860
Total capital assets not being depreciated	17,665	54,860	-	72,525
Capital assets being depreciated:				
Infrastructure	744,530	-	-	744,530
Site improvements	242,418	-	-	242,418
Buildings	1,157,694	-	-	1,157,694
Equipment	426,150	15,712	-	441,862
Vehicles	772,980	22,729	-	795,709
Total capital assets being depreciated	3,343,772	38,441	-	3,382,213
Less Accumulated Depreciation for:				
Infrastructure	291,594	38,992	-	330,586
Site improvements	110,993	8,017	-	119,010
Buildings	598,936	25,934	-	624,870
Equipment	351,276	26,556	-	377,832
Vehicles	730,897	8,184	-	739,081
Total accumulated depreciation	2,083,696	107,683	-	2,191,379
Total capital assets being depreciated, net	1,260,076	(69,242)	-	1,190,834
Governmental activities capital assets, net	$ 1,277,741	$ (14,382)	$ -	$ 1,263,359

*The beginning balances have been reclassified to correct the beginning cost of vehicles and the beginning accumulated depreciation for vehicles. The beginning Governmental Activities capital asset balances were not affected in total.

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	234,976	3,004,619	-	(33,000)	3,206,595
Total capital assets not being depreciated	261,445	3,004,619	-	(33,000)	3,233,064
Capital assets being depreciated:					
Infrastructure	7,420,218	954	-	33,000	7,454,172
Buildings	94,183	-	-	-	94,183
Equipment	807,804	14,313	-	-	822,117
Vehicles	179,348	25,239	-	-	204,587
Total capital assets being depreciated	8,501,553	40,506	-	33,000	8,575,059
Less Accumulated Depreciation for:					
Infrastructure	3,403,306	257,265	-	-	3,660,571
Buildings	37,917	3,465	-	-	41,382
Equipment	683,611	39,732	-	-	723,343
Vehicles	179,348	5,259	-	-	184,607
Total accumulated depreciation	4,304,182	305,721	-	-	4,609,903
Total capital assets being depreciated, net	4,197,371	(265,215)	-	33,000	3,965,156
Business-type activities capital assets, net	$ 4,458,816	$ 2,739,404	$ -	$ -	7,198,220
				Less related long-term debt oustanding *	(2,095,925)
				Net investment in capital assets	$ 5,102,295

* - 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 $1,749,957 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	52,860
Total governmental activities depreciation expense	$ 107,683

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

Water and sewer	$ 288,988
Natural gas	16,733
Total business-type activities depreciation expense	$ 305,721

Activity for the Downtown Development Authority for the fiscal year ended September 30, 2016, 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	21,897	3,617	-	25,514
Total accumulated depreciation	21,897	3,617	-	25,514
Total capital assets being depreciated, net	158,921	(3,617)	-	155,304
Authority capital assets, net	$ 158,921	$ 3,617)	$ -	$ 155,304

NOTE 5 – 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	$ 2,193,495
Union Point's share of net income	4,149
Investment, September 30	$ 2,197,644

NOTE 6 – INTERIM BOND FINANCING

The City has obtained interim bond financing from Branch Banking and Trust Company ("BB&T) in the amount of $1,175,000 to be drawn upon as needed to finance the Waste Water Revenue Bond project. The term of the interim financing is for a period of 18-months with an interest rate of 1.79%. Interest paid on the interim bond financing for the fiscal year ended September 30, 2016 was $7,514. The interim bond financing was paid in full during fiscal year 2016.

Beginning Balance	Issued	Retired	Ending Balance
$ -	$ 1,175,000	$ 1,175,000	$ -
$ -	$ 1,175,000	$ 1,175,000	$ -

NOTE 7 – LONG-TERM DEBT

Categories of debt

Revenue bonds

The City of Union Point, Georgia has three series of bonds outstanding at September 30, 2016. 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. Total interest paid for fiscal year 2016 was $29,092. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities	
Year Ending	2008 Revenue Bonds	
September 30,	Principal	Interest
2017	$ 9,121	$ 28,691
2018	9,541	28,271
2019	9,980	27,832
2020	10,439	27,373
2021	10,919	26,893
2022-2026	62,606	126,454
2027-2031	78,390	110,670
2032-2036	98,153	90,907
2037-2041	122,899	66,161
2042-2046	153,884	35,176
2047-2049	75,056	3,718
Total	$ 640,988	$ 572,146

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 2016, the City received $105,253 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. Total interest paid for fiscal year 2016 was $65,119. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities	
Year Ending	2013 Revenue Bonds	
September 30,	Principal	Interest
2017	$ 65,000	$ 63,819
2018	65,000	52,519
2019	65,000	61,178
2020	75,000	59,316
2021	75,000	56,972
2022-2026	325,000	249,663
2027-2031	245,000	203,237
2032-2036	305,000	148,337
2037-2041	375,000	78,131
2042-2046	175,000	7,544
Total	$ 1,770,000	$ 980,716

2015A Series and 2015B Series

Under the terms of the Bond Ordinance, the Series 2015 Bonds are secured by a first lien on the net revenues of the System which lien shall rank on a parity with the liens of the outstanding City of Union Point, Georgia Water System Revenue Bond, Series 2008, issued pursuant to an ordinance adopted by the City of Union Point.

The Series 2015 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 2015 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 2015 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 2015 Bonds are not secured by a lien on the real or personal property constituting the System.

The Series 2015A Bonds were issued in the original amount of $976,000 bearing interest at 1.875%. Principal and interest are payable monthly installments of $2,899. The Series 2015B Bonds were issued in the original amount of $199,000 bearing interest at 1.875%. Principal and interest are payable monthly installments of $592. Total interest paid for fiscal year 2016 for the Series 2015A Bonds was $9,193 and for the Series 2015B Bonds was $1,874. Annual debt service requirements to maturity for this bond issue are as follows:

	Business-type Activities			
Year Ending	2015A Revenue Bonds		2015B Revenue Bonds	
September 30,	Principal	Interest	Principal	Interest
2017	$ 16,787	$ 18,001	$ 3,434	$ 3,670
2018	17,104	17,684	3,499	3,605
2019	17,428	17,360	3,565	3,539
2020	17,758	17,030	3,632	3,472
2021	18,093	16,695	3,701	3,403
2022-2026	95,731	78,254	19,582	16,001
2027-2031	105,132	79,808	21,506	14,014
2032-2036	115,456	58,574	23,617	11,902
2037-2041	126,795	47,145	25,937	8,772
2042-2046	139,246	34,657	28,484	6,940
2047-2051	152,921	21,010	31,281	4,240
2052-2056	145,273	6,121	29,069	1,199
Total	$ 967,724	$ 412,339	$ 197,307	$ 80,757

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. Total interest paid for fiscal year 2016 for the GEFA loan was $8,940. Annual debt service requirements to maturity for this bond issue are as follows:

Year Ending September 30,	Business-type Activities GEFA Note Principal	Interest
2017	$ 15,328	$ 8,487
2018	15,794	8,021
2019	16,274	7,541
2020	16,769	7,046
2021	17,279	6,536
2022-2026	94,608	24,469
2027-2031	109,898	9,179
2032-2036	3,956	15
Total	$ 289,906	$ 71,294

Long-term Obligation Activity

Changes in long-term obligations for the year ended September 30, 2016 are as follows:

	Restated Beginning Balance	Increases	Decrease	Ending Balance	Due within One Year
Governmental activities:					
Net pension liability	$ 76,233	$ 21,009	$ -	$ 97,242	$ -
Compensated absences	4,233	6,739	9,068	1,904	1,904
Total governmental activities	$ 80,466	$ 27,748	$ 9,068	$ 99,146	$ 1,904
Business-type activities:					
Revenue bonds					
2008 Bonds	$ 649,709	$ -	$ 8,721	$ 640,988	$ 9,121
2013 Bonds	1,835,000	-	65,000	1,770,000	65,000
2013 Bond Discount	(20,785)	-	(742)	(20,043)	-
2015A Bonds	-	976,000	8,276	967,724	16,787
2015B Bonds	-	199,000	1,693	197,307	3,434
Notes payable	304,781	-	14,875	289,906	15,328
Net pension liability	55,780	33,577	-	89,357	-
Compensated absences	18,538	13,360	13,204	18,694	10,775
Total business-type activities	$ 2,843,023	$ 1,221,937	$ 111,027	$ 3,953,933	$ 120,445

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.

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, 2016 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, 2016, 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 4.93% 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, 2016, the City reported a net pension liability. The net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2016. An expected total pension liability as of September 30, 2016 was determined using standard roll-forward techniques.

For the year ended September 30, 2016, the City recognized pension expense relative to GMEBS in the amount of $24,837. At September 30, 2016, 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	$ 25,100	$ -
Changes of assumptions	-	5,340
Net difference between projected and actual earnings on pension plan investments	30,232	12,124
Employer contributions subsequent to the measurement date	24,837	-
	$ 80,169	$ 17,464

City contributions subsequent to the measurement date of September 30, 2015 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, 2016. 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:	
2017	$ 8,457
2018	8,457
2019	8,457
2020	12,497

Actuarial Assumptions: The total pension liability as of September 30, 2016 was determined by an actuarial valuation as of September 30, 2015 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, 2016 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, 2015,restated	$ 723,698	$ 591,685	$ 132,013
Changes for the year:			
Service cost	12,768	-	12,768
Interest	54,568	-	54,568
Difference between expected and actual experience	15,102	-	15,102
Contributions - employer	-	23,658	(23,658)
Net investment income	-	7,341	(7,341)
Benefit payments	(39,201)	(39,201)	-
Administrative expense	-	(3,147)	3,147
Net changes	43,237	(11,349)	54,586
Balance at September 30, 2015	$ 766,935	$ 580,336	$ 186,599

The City's net pension liability is recorded in the government-wide statement of net position in the amounts of $97,242 and $89,357 respectively. The beginning net position balances for the Natural Gas Fund have been restated to remove the Tri-County Natural Gas's portion of the net pension liability, deferred outflow or resources related to pensions, and the deferred inflow of resources related to pension.

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, 2015 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	$ 290,758	$ 186,599	$ 100,034

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, 2015, there were 3 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 $130 by the employer and $260 by employees. The City's total payroll for the year ended December 31, 2015 was $574,411. 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, 2016, the Authority made payments of $7,511 "in lieu of taxes".

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 18, 2017, the date which the financial statements were available to be issued.

NOTE 15 – RESTATEMENT OF EQUITY BALANCES

The City recorded an adjustment in the Natural Gas Fund to remove the Tri-County Natural Gas's portion of the net pension liability, deferred outflow of resources related to pensions, and the deferred inflow of resources related to pensions.

The effect of this adjustment is as follows:

	Business-type Activities	Proprietary Fund Natural Gas Fund
Net position September 30, 2015, as previously reported	$ 4,871,322	$ 1,583,965
Restated	47,017	47,017
Net position September 30, 2015, restated	$ 4,918,339	$ 1,630,982

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION POINT, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

	2016	Restated 2015 (Note 1)
Total pension liability		
Service cost	$ 12,768	$ 11,682
Interest on total pension liability	54,568	51,591
Difference between expected and actual experience	15,102	19,527
Changes of assumptions	-	(8,007)
Benefit payments, including refunds of employee contributions	(39,201)	(33,562)
Net change in total pension liability	43,237	41,230
Total pension liability - beginning of year, restated	723,698	682,468
Total pension liability - ending (a)	$ 766,935	$ 723,698
Plan fiduciary net position		
Contributions - employer	$ 23,658	$ 22,858
Net investment income	7,341	61,788
Benefit payments, including refunds of member contributions	(39,201)	(33,562)
Administrative expenses	(3,147)	(2,571)
Net change in plan fiduciary net position	(11,349)	48,514
Plan fiduciary net position - beginning of year, restated	591,685	543,171
Plan fiduciary net position - ending (b)	$ 580,336	$ 591,685
City's net pension liability (asset) - ending (a) - (b)	$ 186,599	$ 132,013
Plan fiduciary net position as a percentage of the total pension liability	75.67%	81.76%
Covered-employee payroll	532,647	491,383
Net pension liability as a percentage of covered-employee payroll	35.03%	26.87%

Note 1: The September 30, 2015 balances have been restated to remove the Tri-County Natural Gas retirement activity.

Note 2: 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, 2016

SCHEDULE OF CITY CONTRIBUTIONS

	2016	Restated 2015
Actuarially determined contributions	$ 24,837	$ 23,658
Contributions in relation to the actuarially determined contribution	24,837	23,470
Contribution deficiency (excess)	$ -	$ 187
City's covered-employee payroll	532,647	491,383
Contributions as a percentage of covered-employee payroll	4.66%	4.78%

Note 1: The September 30, 2015 balances have been restated to remove the Tri-County Natural Gas retirement activity.

Note 2: 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 new administrative fee structure approved by the board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2015, 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 2015, and later reflect the following assumption changes approved by the Board in December, 2014 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 was determined as of January 1, 2016, 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, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
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 11 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.

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SUPPLEMENTARY INFORMATION

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CITY OF UNION POINT, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

CITY OF UNION POINT, GEORGIA

BALANCE SHEET
CITY OF UNION POINT DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
SEPTEMBER 30, 2016

ASSETS		
Cash and cash equivalents	$	17,767
Accounts receivable		40
Total Assets	$	17,807
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$	7,112
Due to other governments		2,315
Total Liabilities		9,427
Fund Balance:		
Unassigned		8,380
Total Fund Balance		8,380
Total Liabilities and Fund Balance	$	17,807

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, 2016

Revenues:		
Intergovernmental	$	25,440
Special events		16,701
Donations		1,896
Miscellaneous income		2,000
Total Revenues		46,037
Expenditures:		
Salaries		20,178
Communications		309
Advertising		3,568
Fees & Dues		1,103
Education & Training		1,440
Other Purchased Services		1,772
Supplies		5,347
Electricity		2,148
Repairs and maintenance		1,191
Miscellaneous		2,775
Total Expenditures		39,831
Net change in fund balance		6,206
Fund Balance, beginning of year		2,174
Fund Balance, end of year	$	8,380

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SINGLE AUDIT SECTION

CITY OF UNION POINT, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Passed through Georgia Department of Transportation				
Georgia Governor's Office of Highway safety Grant	20.600	GA-2016-000-00321	$ -	$ 9,960
Total Pass-through Programs			-	9,960
Total U.S. Department of Transportation			-	9,960
U.S. Department of Agriculture				
Direct Program				
USDA Rural Development Loan #12	10.760		-	976,000
USDA Rural Development Grant #13	10.760		-	1,628,000
USDA Rural Development Loan #14	10.760		-	199,000
USDA Rural Development Grant #15	10.760		-	374,035
Subtotal CFDA 10.760			-	3,177,035
Total Direct Programs			-	3,177,035
Total U.S. Department of Agriculture			-	3,177,035
Total Expenditures of Federal Awards			$ -	$ 3,186,995

See accompanying notes to schedule of expenditures of federal awards

CITY OF UNION POINT, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Union Point, Georgia under programs of the federal government for the fiscal year ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Union Point, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Union Point, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

City of Union Point, Georgia has elected not to use the 10 – percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – USDA Rural Development Loan Programs

The USDA Rural Development Loan Programs subsequently are administered directly by the City of Union Point, Georgia, and balances and transactions relating to these programs are included in the City of Union Point, Georgia's basic financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at September 30, 2016 consist of:

CFDA Number	Program Name	Outstanding Balance at September 30, 2016
10.760	USDA Rural Development Loan #12	$ 967,724
10.760	USDA Rural Development Loan #14	197,307

CITY OF UNION POINT
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

FINANCIAL STATEMENT FINDINGS

2015-001 **Special Events / Donations – Revenue Documentation (Downtown Development Authority)**

Status: Unresolved during 2016. See current year finding 2016-003.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The City of Union Point, Georgia was not subject to an OMB Circular A-133 compliance audit for fiscal year ending September 30, 2015.

CITY OF UNION POINT

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March 18, 2017

CORRECTIVE ACTION PLAN

The City of Union Point, Georgia respectfully submits the following corrective action plan for the fiscal year ended September 30, 2016.

FINDINGS-FINANCIAL STATEMENT AUDIT

2016-001 Restatement – Natural Gas Fund

Name of Contact Person: Wayne Jackson, Interim Clerk & Treasurer

Recommendation: No additional action is required.

Corrective Action: The City concurs with the finding. This finding was addressed in the report for the fiscal year ended September 30, 2016. No further action is required.

Anticipated Completion Date: Done

2016-002 Accounts Receivable / Revenue – Water and Sewer Fund

Name of Contact Person: Wayne Jackson, Interim Clerk & Treasurer

Recommendation: We recommend that the City closely monitor grant activity at year end to insure that revenue is recorded in the proper fiscal year.

Corrective Action: The City concurs with the finding. In the future the City will immediately implement measures to assure that all receivables are recorded in the proper fiscal year.

Anticipated Completion Date: March 31, 2017

2016-003 Special Events / Donations – Revenue Documentation

Name of Contact Person: Wayne Jackson, Interim Clerk & Treasurer

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

Corrective Action: The City concurs with the finding. The Downtown Development Authority will immediately implement measures to assure that going forward all receipts will be complete and will substantiate the donations and event revenue. Also, all donations and special event revenue will be deposited into the bank account in a timely manner.

Anticipated Completion Date: March 31, 2017

FEDERAL AWARDS FINDINGS

None Reported

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, 2016, 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, 2017.

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.

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 merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost that we consider to be material weaknesses. 2016-001, 2016-002, and 2016-003

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

Purpose of this Report

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

Macon, Georgia
March 18, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Union Point, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Union Point, Georgia's major federal programs for the year ended September 30, 2016. The City of Union Point, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Union Point, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Union Point, Georgia as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 18, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Macon, Georgia
March 18, 2017

CITY OF UNION POINT, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs:

CFDA Numbers	Name of Federal Program
10.760	USDA Rural Development Grant

Dollar threshold used to distinguish between Type A and Type B program	$ 750,000
Auditee qualified as low-risk auditee	No

Section II – 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":

2016-001 Restatement – Natural Gas Fund

CRITERIA
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* requires that local governments report their net pension liability, deferred outflow of resources related to pensions, and deferred inflow of resources related to pensions.

CONDITION
In performing year-end audit procedures, we determined that the City overstated the net pension liability, deferred outflow of resources related to pension and the deferred inflow of resources related to pensions of the Natural Gas Fund for the fiscal year ended September 30, 2015.

CONTEXT
Tri-County Natural Gas System's portion of the net pension liability was previously reported in the City's Natural Gas Fund's net pension liability for the fiscal year ended September 30, 2015.

EFFECT
The City recorded a prior period adjustment of $47,017 to remove Tri-County Natural Gas System's portion of the net pension liability, deferred outflows related to pensions, and deferred inflows related to pensions to correct the beginning net position for the fiscal year ended September 30, 2016.

CAUSE
During the fiscal year 2015 implementation of GASB 68, Accounting and Financial Reporting for Pensions, the actuarial activity that relates to the Tri-County Natural Gas System's portion was included in the City's Natural Gas Fund in error.

RECOMMENDATION
No additional action is required.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. This finding was addressed in the report for the fiscal year ended September 30, 2016. No further action is required.

2016-002 Accounts Receivable / Revenue – Water and Sewer Fund

CRITERIA
Accounting procedures should be designed to insure that revenue is accrued and recognized when they become both measurable and available to finance expenses of the fiscal period.

CONDITION
At year end, a receivable for the USDA grant activity was not recorded in the proper fiscal year.

CONTEXT
A material audit adjustment of $239,937 was necessary in the Water and Sewer Fund to record additional USDA Grant receivable / revenue activity for September 2016.

EFFECT
A material audit adjustment was necessary to fairly report revenue and the related receivable for the fiscal year ended September 30, 2016.

CAUSE
The City recorded the appropriate accounts payable at year end but did not record the corresponding grant receivable.

RECOMMENDATION
We recommend that the City closely monitor grant activity at year end to insure that revenue is recorded in the proper fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. In the future the City will immediately implement measurers to assure that all receivables are recorded in the proper fiscal year.

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

2016-003 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 2016. 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 will immediately implement measurers to assure that going forward all receipts will be complete and will substantiate the donations and event revenue. Also, all donations and special event revenue will be deposited in the bank account into a timely manner.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.