

CITY OF STOCKBRIDGE, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

CITY OF STOCKBRIDGE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14 and 15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	18
General Fund – Statement of Revenues, Expenditures and Changes in	
Fund Balances – Budget and Actual.....	19
Statement of Net Position – Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Fund Net	
Position – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds.....	22 and 23
Notes to Financial Statements.....	24 – 54
Required Supplementary Information:	
Schedule of Changes in the City’s Net Pension Liability and Related Ratios.....	55
Schedule of City Contributions.....	56
Combining and Individual Fund and Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	57
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds.....	58
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	59
Combining Statement of Revenues, Expenses and Changes in Fund	
Net Position – Nonmajor Enterprise Funds.....	60
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	61
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST II.....	62
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST III.....	63
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST IV.....	64

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of City Council
City of Stockbridge, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Stockbridge, Georgia ("the City")** as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used 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, each major fund, and the aggregate remaining fund information of the City of Stockbridge, Georgia as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 10 and 16, the City implemented 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 January 1, 2015. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 55), and the Schedule of City Contributions (on page 56) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stockbridge, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules as well as the schedules of expenditures of special purpose local option sales tax proceeds (the "supplementary information") 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 8, 2016

CITY OF STOCKBRIDGE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

As management of the City of Stockbridge, we offer readers of the City of Stockbridge's financial statements this narrative overview and analysis of the financial activities of the City of Stockbridge for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Stockbridge exceeded its liabilities at December 31, 2015 by \$75,004,922 (total net position). Of this amount, \$14,304,419 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position, on an entity-wide basis, increased by \$8,228,713. Of this amount, an increase of \$6,995,063 was associated with governmental activities and an increase of \$1,233,650 was associated with business-type activities.
- As of the close of the current fiscal year, the City of Stockbridge's governmental funds reported combined ending fund balances of \$23,607,746, an increase of \$9,429,529 in comparison with the prior year. Of this amount \$2,467,196 is unassigned and available for spending and \$15,056,026 is reserved for capital projects and other specific future uses.
- At the end of the current year, unassigned fund balance for the general fund was \$8,232,433 or 129.0 percent of total General Fund expenditures.
- The City of Stockbridge's total debt obligations decreased by \$648,099 for an overall decrease of 4.09 percent in total debt obligations. The City changed the Paid Time Off (PTO) policy thus creating an additional liability of \$188,360 in Long-Term Debt. The Net Pension liability decreased by \$454,925.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Stockbridge's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report also contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial position.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements:

- 1) The governmental funds statements;
- 2) The budgetary comparison statements; and
- 3) The proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Stockbridge's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish 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 of Stockbridge include general government, public safety and courts, highways and streets, parks and recreation, tourism and promotion, and code enforcement. The business-type activities of the City are water and sewer, solid waste management, conference center, community center and stormwater management.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Stockbridge can be divided into two categories: governmental funds and proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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 the two.

The City maintains five major governmental funds. The City's major governmental funds are the General Fund, SPLOST III, Urban Redevelopment Fund, Downtown Development Fund (DDA) and SPLOST IV Capital Project Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all major funds. The nonmajor funds are the Hotel / Motel Fund, the Perpetual Care Permanent Fund and the State and Federal Grants Fund, along with the SPLOST II Capital Project Fund.

The City of Stockbridge adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund for the Fiscal Year 2015 budget. A project length budget has been adopted for the SPLOST Capital Project Funds.

Proprietary funds. 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 Fund, Solid Waste Management Fund, Conference Center Fund, Community Center Fund and Stormwater Management Fund. The first three enterprise funds are considered by the City to be major funds.

Proprietary funds provide the same type of information as government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for each of the City's major funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2015, the City's assets exceeded liabilities by \$75,004,922. The City's net position reflects its investment in capital assets (61.0 percent), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in 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. Of the total net position, \$14,922,842 (19.9 percent) is restricted for capital projects and other external restrictions on how they may be used. The unrestricted amount of \$14,304,419 (19.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

The following is a comparison statement of the City of Stockbridge's net position as of December 31, 2015:

The City of Stockbridge's Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 24,647,389	\$ 15,367,952	\$ 8,357,162	\$ 7,170,844	\$ 33,004,551	\$ 22,538,796
Capital assets	42,936,744	45,074,452	18,056,469	17,543,236	60,993,213	62,617,688
Total assets	<u>67,584,133</u>	<u>60,442,404</u>	<u>26,413,631</u>	<u>24,714,080</u>	<u>93,997,764</u>	<u>85,156,484</u>
Deferred outflows of resources						
Pension	<u>205,781</u>		<u>118,268</u>		<u>324,049</u>	
Long-term liabilities outstanding	13,790,744	13,620,000	1,957,179	1,673,651	15,747,923	15,293,651
Other liabilities	<u>1,727,021</u>	<u>1,807,090</u>	<u>1,429,726</u>	<u>1,279,534</u>	<u>3,156,747</u>	<u>3,086,624</u>
Total liabilities	<u>15,517,765</u>	<u>15,427,090</u>	<u>3,386,905</u>	<u>2,953,185</u>	<u>18,904,670</u>	<u>18,380,275</u>
Deferred inflows of resources						
Pension	<u>261,772</u>		<u>150,449</u>		<u>412,221</u>	
Net position:						
Net investment in						
capital assets	29,316,744	30,884,452	16,460,917	15,869,585	45,777,661	46,754,037
Restricted	14,922,842	6,707,544	-	-	14,922,842	6,707,544
Unrestricted	<u>7,770,791</u>	<u>7,423,318</u>	<u>6,533,628</u>	<u>5,891,310</u>	<u>14,304,419</u>	<u>13,314,628</u>
Total net position	<u>\$ 52,010,377</u>	<u>\$ 45,015,314</u>	<u>\$ 22,994,545</u>	<u>\$ 21,760,895</u>	<u>\$ 75,004,922</u>	<u>\$ 66,776,209</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City of Stockbridge's net position by \$7,770,680, primarily due to SPLOST IV Revenues and \$6,000,000 in bond funds. Other key elements of this increase are as follows:

City of Stockbridge Changes in Net Position

	Governmental		Business		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$1,366,670	\$1,629,975	\$4,943,044	\$4,828,928	\$6,309,714	\$6,458,903
Capital grants and contributions	8,732,683	3,886,677	-	-	8,732,683	3,886,677
General revenues						
Sales tax	3,597,732	3,403,706	-	-	3,597,732	3,403,706
Other tax	4,810,352	4,456,227	-	-	4,810,352	4,456,227
Interest	4,322	17,715	334	1,718	4,656	19,433
Gain on disposal of capital assets	-	-	42,791	-	42,791	-
Total Revenues	<u>18,511,759</u>	<u>13,394,300</u>	<u>4,986,169</u>	<u>4,830,646</u>	<u>23,497,928</u>	<u>18,224,946</u>
Expenses:						
General Government	3,366,285	3,561,543	-	-	3,366,285	3,561,543
Judicial	665,664	787,946	-	-	665,664	787,946
Public safety	848,136	744,104	-	-	848,136	744,104
Public works	2,840,318	2,844,049	-	-	2,840,318	2,844,049
Housing and development	1,267,243	203,265	-	-	1,267,243	203,265
Interest on long-term debt	629,911	656,137	-	-	629,911	656,137
Water and sewer	-	-	3,158,357	2,884,646	3,158,357	2,884,646
Stormwater management	-	-	212,729	349,691	212,729	349,691
Solid waste	-	-	719,355	728,744	719,355	728,744
Conference center	-	-	290,062	331,099	290,062	331,099
Community center	-	-	49,768	28,849	49,768	28,849
Total Expenses	<u>9,617,557</u>	<u>8,797,044</u>	<u>4,430,271</u>	<u>4,323,029</u>	<u>14,047,828</u>	<u>13,120,073</u>
Increase in net position before transfers	8,894,202	4,597,256	555,898	507,617	9,450,100	5,104,873
Transfers	<u>(1,123,522)</u>	<u>(2,362,748)</u>	<u>1,123,522</u>	<u>2,362,748</u>	<u>-</u>	<u>-</u>
Increase in net position	7,770,680	2,234,508	1,679,420	2,870,365	9,450,100	5,104,873
Net position - beginning of year	<u>44,239,697</u>	<u>42,780,806</u>	<u>21,315,125</u>	<u>18,890,530</u>	<u>65,554,822</u>	<u>61,671,336</u>
Net position - end of year	<u><u>\$52,010,377</u></u>	<u><u>\$45,015,314</u></u>	<u><u>\$22,994,545</u></u>	<u><u>\$21,760,895</u></u>	<u><u>\$75,004,922</u></u>	<u><u>\$66,776,209</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Revenues from Local Option Sales Tax increased by \$194,026 or 5.7% from 2014 to 2015. This increase is due to the overall economy. The Special Purpose Local Option Sales Tax decreased by \$1,167,631 or 33.0% for the SPLOST IV revenues, due to the required debt service payments for the bonds from SPLOST IV. The City has an intergovernmental agreement with Henry County for bonds issued in the amount of \$6,000,000.
- Investment earnings decreased by \$14,777 from 2014 to 2015. This is due to the significant decrease in interest rates.
- The City received \$182,679 for Local Maintenance Improvement Grants for the year associated with street improvements.
- The Downtown Development Authority transferred \$307,457 back to the Conference Center Fund and \$657,166 back to the Community Center Fund.
- Expenses in General Government were down as the City tries to replenish fund balance, and the revenues came in higher than expected.
- Revenue from Courts was down \$189,308. Receivables for fines were down because of a change in probation tolling laws and went from \$546,089 to \$356,780 or a 35% reduction.

Business-type activities. Business-type activities increased the City's net position by \$1,679,420. The increase is basically the result of the Stormwater Fund and transfers of \$91,510 from the SPLOST III Fund. The transfers were used to purchase a Cues Sewer Camera and to help finance the Willow Springs Pump Station Construction in Progress in the water and sewer proprietary funds. The transfer from the City's General Fund to the Conference Center is to supplement the operation.

Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the City's governmental fund financial statements 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 December 31, 2015 the City's governmental funds reported combined ending fund balances of \$23,607,746, an increase of \$9,429,529 in comparison to the prior year. Of this amount, \$2,467,196 (10.5 percent) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for capital items most of which is funded by the proceeds of the Special Purpose Local Option Sales Tax (\$14,118,239); 2) for Perpetual Care of the City's cemetery (\$12,284); and 3) reserved for and prepaid expenses which are not available for current government's spending discretion (\$79,524). The increase in fund balances of \$9,429,529 is the result of SPLOST IV recognizing the bond issue of \$6,000,000 and collection of monies in the current year along with the General Fund's increase of \$2,219,791 from increased revenues and decreased expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,232,433 offset by the Downtown Development Fund deficit of (\$5,765,237) with the total fund balance of \$2,467,196. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 129.9 percent of the total general fund expenditures, while total fund balance represents 229.0 percent of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$2,219,791. Key factors in the increase are due to: 1) Increased tax revenues and 2) decreased departmental expenditures. The City collected a total of \$3,597,732 in local option sales taxes for 2015, an increase of 5.7% over 2014. Franchise taxes increased by 6% to \$1,538,555 in 2015 from \$1,453,509 in 2014. The City's general fund revenue increased marginally due to receipts from the LMIG (Local Maintenance Improvement Grant) Program. In 2015 General Fund transfers decreased slightly from \$1,354,834 to \$1,278,240 because of the money transferred from General Fund to subsidize the Merle Manders Conference Center and debt service payments from Urban Redevelopment Fund. The expenditures in General Fund decreased by 2% from \$6,517,715 to \$6,382,164 in 2015 compared to 2014.

The City of Stockbridge received \$2,375,489 in Special Purpose Local Option Sales Taxes in 2015 compared to \$3,543,120 in 2014. This is down by 33.0% which is due primarily to the debt service payments required on the bond receipts. Henry County issued bonds in order to begin projects approved by the voters in November 2013. The City received \$6,000,000 from the County's bond issue in order to begin special projects rather than wait for the revenue to come in over the six year period of the referendum. The debt service on the bonds has to be paid each year before the City or County receives any proceeds to be used on projects. The projects approved by the voters in the SPLOST referendum include public safety facilities and equipment, public works facilities and equipment, acquisition of property for public use and the City's share of roads, bridges, sidewalks and transportation facilities.

The Capital Projects Fund includes grants from state and federal agencies. The City completed a Transportation Enhancement project for Reeves Creek Trail Phase II. The total cost of this project was approximately \$435,000 for which the City had to pay twenty percent and the remainder was paid by the federal grant.

As of December 31, 2015, the Urban Redevelopment Agency of the City of Stockbridge had long-term liabilities from Revenue Bonds in the amount of \$13,620,000. The majority of these funds were used for purchasing property and building and furnishing a new city hall facility which was completed in 2009. The cost of the building is approximately \$11,964,000.

The Hotel/Motel Tax Fund is used to promote tourism in The City. The Fund is used to account for proceeds from the City's Hotel/Motel tax and the required 43.75% payment to the Henry County Chamber of Commerce. The tax increased in 2015 from 5% to 8% to enhance economic development. Another hotel is currently under construction and expected for completion in 2016. The total fund balance at December 31, 2015 for this fund amounted to \$130,082.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Stockbridge has a Perpetual Care Permanent Fund which is for the upkeep of the city cemetery. A donation of \$5,000 was made with only the investment earnings to be used for cemetery upkeep purposes. Currently, the City has not used any of these proceeds.

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 proprietary funds at the end of the year were \$6,533,628 of which the Water and Sewer Fund had \$3,377,136 (51.7%) and the Solid Waste Fund had \$1,654,569 (25.3%). Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The original budget for the City of Stockbridge's General Fund for 2015 was \$8,730,492. There was a \$1,831,104 difference between the net change in fund balance from the original budget and the final amended budget. This was due to reduced expenditures and increased revenues.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at December 31, 2015 amounts to \$60,993,213 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges and roads.

Major capital asset events during the current fiscal year include the following:

- \$307,457 was transferred from DDA back to the Conference Center and \$657,166 was transferred from DDA back to the Community Center.
- \$75,000 for the purchase of a Cues Sewer Camera from SPLOST III to Water and Sewer Fund.
- \$49,300 for park picnic tables.
- \$29,875 for design work for the drainage remediation in City Hall and the Municipal Court.

Additional information on the City's capital assets can be found in note 6.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term debt. At the end of the current fiscal year the City had \$16,461,069 in outstanding debt consisting of the following:

City of Stockbridge's Outstanding Debt		<u>Balance</u>
Governmental Activities		
Revenue Bonds		\$13,620,000
Accrued Compensated Absences		118,022
Net Pension Liability		671,326
Business-Type Activities		
GEFA Notes Payable		1,595,552
Accrued Compensated Absences		70,338
Net Pension Liability		<u>385,831</u>
TOTAL		<u>\$16,461,069</u>

The City's total debt decreased by \$648,099. Additional information on the City's long-term debt can be found in note 7.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Stockbridge is \$74,413,976, which is significantly in excess of the City of Stockbridge outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The estimated unemployment rate for the City of Stockbridge is currently 6.7 percent, which is slightly above the state and the national rates.
- Cost of Living indices in the region, compare favorably to national indices.
- Occupational Taxes (Business Licenses) were up from 2015 due to the economy. These are based on gross receipts.
- Sales tax receipts have been stable in recent months.

All of these factors were considered in preparing the City of Stockbridge's budget for Fiscal Year 2016.

Requests for Information

This financial report is designed to provide a general overview of the City of Stockbridge's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 389-7900 or at the following address:

City of Stockbridge
Finance Department
4640 North Henry Boulevard
Stockbridge, GA 30281

BASIC FINANCIAL STATEMENTS

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,287,208	\$ 7,594,106	\$ 23,881,314
Investments	6,021,925	58,000	6,079,925
Taxes receivable	1,699,166	-	1,699,166
Accounts receivable, net of allowances	150,882	577,022	727,904
Due from other governments	406,428	10,923	417,351
Inventories	-	109,319	109,319
Prepaid expenses	79,524	7,792	87,316
Restricted assets, cash and cash equivalents	2,256	-	2,256
Capital assets, nondepreciable	13,562,925	679,882	14,242,807
Capital assets, depreciable, net of accumulated depreciation	29,373,819	17,376,587	46,750,406
Total assets	67,584,133	26,413,631	93,997,764
DEFERRED OUTFLOWS OF RESOURCES			
Pension	205,781	118,268	324,049
Total deferred outflows of resources	205,781	118,268	324,049
LIABILITIES			
Accounts payable	168,715	106,290	275,005
Retainage payable	42,071	9,101	51,172
Accrued interest expense	261,521	3,989	265,510
Other accrued expenses	106,033	23,255	129,288
Customer deposits	-	173,317	173,317
Compensated absences due within one year	23,604	14,068	37,672
Compensated absences due in more than one year	94,418	56,270	150,688
Unearned revenue	530,077	1,019,232	1,549,309
Bonds payable due within one year	595,000	-	595,000
Bonds payable due in more than one year	13,025,000	-	13,025,000
Notes payable due within one year	-	80,474	80,474
Notes payable due in more than one year	-	1,515,078	1,515,078
Net pension liability	671,326	385,831	1,057,157
Total liabilities	15,517,765	3,386,905	18,904,670
DEFERRED INFLOWS OF RESOURCES			
Pension	261,772	150,449	412,221
Total deferred inflows of resources	261,772	150,449	412,221
NET POSITION			
Net investment in capital assets	29,316,744	16,460,917	45,777,661
Restricted for capital projects	14,781,160	-	14,781,160
Restricted for tourism	129,398	-	129,398
Restricted for cemetery maintenance	12,284	-	12,284
Unrestricted	7,770,791	6,533,628	14,304,419
Total net position	\$ 52,010,377	\$ 22,994,545	\$ 75,004,922

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

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,366,285	\$ 347,970	\$ -	\$ 11,385
Judicial	665,664	1,018,700	-	-
Public safety	848,136	-	-	-
Public works	2,829,741	-	-	8,721,298
Culture and recreation	10,577	-	-	-
Housing and development	1,267,243	-	-	-
Interest on long-term debt	629,911	-	-	-
Total governmental activities	<u>9,617,557</u>	<u>1,366,670</u>	<u>-</u>	<u>8,732,683</u>
Business-type activities:				
Water and sewer	3,158,357	3,067,407	-	-
Stormwater	212,729	495,077	-	-
Solid waste	719,355	1,170,475	-	-
Conference center	290,062	163,297	-	-
Community center	49,768	46,788	-	-
Total business-type activities	<u>4,430,271</u>	<u>4,943,044</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 14,047,828</u>	<u>\$ 6,309,714</u>	<u>\$ -</u>	<u>\$ 8,732,683</u>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Alcoholic beverage excise taxes
- Business and occupation taxes
- Insurance premium taxes
- Hotel/motel taxes
- Other taxes
- Gain on disposal of capital assets
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (3,006,930)	\$ -	\$ (3,006,930)
353,036	-	353,036
(848,136)	-	(848,136)
5,891,557	-	5,891,557
(10,577)	-	(10,577)
(1,267,243)	-	(1,267,243)
(629,911)	-	(629,911)
<u>481,796</u>	<u>-</u>	<u>481,796</u>
-	(90,950)	(90,950)
-	282,348	282,348
-	451,120	451,120
-	(126,765)	(126,765)
<u>-</u>	<u>(2,980)</u>	<u>(2,980)</u>
<u>-</u>	<u>512,773</u>	<u>512,773</u>
<u>481,796</u>	<u>512,773</u>	<u>994,569</u>
226,911	-	226,911
3,597,732	-	3,597,732
1,546,828	-	1,546,828
704,298	-	704,298
564,290	-	564,290
1,516,512	-	1,516,512
130,588	-	130,588
120,925	-	120,925
-	42,791	42,791
4,322	334	4,656
(1,123,522)	1,123,522	-
<u>7,288,884</u>	<u>1,166,647</u>	<u>8,455,531</u>
7,770,680	1,679,420	9,450,100
<u>44,239,697</u>	<u>21,315,125</u>	<u>65,554,822</u>
<u>\$ 52,010,377</u>	<u>\$ 22,994,545</u>	<u>\$ 75,004,922</u>

CITY OF STOCKBRIDGE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General Fund	SPLOST III Fund	Urban Redevelopment Fund	Downtown Development Fund	SPLOST IV Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 7,692,349	\$ 3,763,085	\$ -	\$ 238,648	\$ 3,978,302	\$ 614,824	\$ 16,287,208
Investments	-	-	-	-	6,009,641	12,284	6,021,925
Taxes receivable	1,678,072	-	-	-	-	21,094	1,699,166
Accounts receivable	147,781	-	-	3,101	-	-	150,882
Due from other governments	26,515	-	-	-	379,913	-	406,428
Advance to other funds	6,000,000	-	-	-	-	-	6,000,000
Prepaid expenditures	78,840	-	-	-	-	684	79,524
Restricted assets, cash	-	-	2,256	-	-	-	2,256
Total assets	\$ 15,623,557	\$ 3,763,085	\$ 2,256	\$ 241,749	\$ 10,367,856	\$ 648,886	\$ 30,647,389
LIABILITIES							
Accounts payable	\$ 136,428	\$ 436	\$ -	\$ 6,866	\$ 12,266	\$ 12,719	\$ 168,715
Retainage payable	42,071	-	-	-	-	-	42,071
Accrued liabilities	105,913	-	-	120	-	-	106,033
Unearned revenue - occupational taxes	530,077	-	-	-	-	-	530,077
Advance from other funds	-	-	-	6,000,000	-	-	6,000,000
Total liabilities	814,489	436	-	6,006,986	12,266	12,719	6,846,896
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - court fines	171,873	-	-	-	-	-	171,873
Unavailable revenue - franchise taxes	20,874	-	-	-	-	-	20,874
Total deferred inflows of resources	192,747	-	-	-	-	-	192,747
FUND BALANCES							
Fund balances:							
Nonspendable:							
Prepays	78,840	-	-	-	-	684	79,524
Permanent fund corpus	-	-	-	-	-	5,000	5,000
Long term advance	6,000,000	-	-	-	-	-	6,000,000
Restricted for:							
Capital projects	166,864	3,762,649	2,256	-	10,355,590	493,801	14,781,160
Tourism	-	-	-	-	-	129,398	129,398
Cemetery maintenance	-	-	-	-	-	7,284	7,284
Assigned for purchases on order	138,184	-	-	-	-	-	138,184
Unassigned (deficit)	8,232,433	-	-	(5,765,237)	-	-	2,467,196
Total fund balances	14,616,321	3,762,649	2,256	(5,765,237)	10,355,590	636,167	23,607,746
Total liabilities, deferred inflows of resources and fund balances	\$ 15,623,557	\$ 3,763,085	\$ 2,256	\$ 241,749	\$ 10,367,856	\$ 648,886	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	\$ 42,936,744
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	192,747
The net pension liability and related deferred outflows and inflows of resources are not financial resources and therefore, are not reported in the governmental funds.	(727,317)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(13,999,543)
Net position of governmental activities	\$ 52,010,377

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

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	General Fund	SPLOST III Fund	Urban Redevelopment Fund	Downtown Development Fund	SPLOST IV Fund	Other Governmental Funds	Totals Governmental Funds
Revenues							
Taxes	\$ 8,269,225	\$ -	\$ -	\$ -	\$ -	\$ 130,588	\$ 8,399,813
Licenses and permits	211,001	-	-	-	-	-	211,001
Intergovernmental	182,679	-	-	-	8,375,489	163,130	8,721,298
Fines and forfeitures	1,059,330	-	-	-	-	-	1,059,330
Charges for services	3,078	-	-	-	-	-	3,078
Rental income	700	-	-	-	-	-	700
Interest income	2,404	391	-	1,759	10,994	159	15,707
Other revenues	133,191	-	-	-	-	-	133,191
Total revenues	<u>9,861,608</u>	<u>391</u>	<u>-</u>	<u>1,759</u>	<u>8,386,483</u>	<u>293,877</u>	<u>18,544,118</u>
Expenditures							
Current:							
General government	2,673,703	-	-	-	-	-	2,673,703
Judicial	615,842	-	-	-	-	-	615,842
Public safety	790,475	-	-	-	-	-	790,475
Public works and parks	1,978,791	-	-	-	-	-	1,978,791
Housing and development	323,353	-	-	838,239	-	71,644	1,233,236
Capital outlay:							
General government	-	7,121	30	-	1,088	-	8,239
Public works	-	91,570	-	-	391,900	16,247	499,717
Culture and recreation	-	-	-	-	54,933	-	54,933
Debt service:							
Principal	-	-	570,000	-	-	-	570,000
Interest	-	-	640,851	-	-	-	640,851
Total expenditures	<u>6,382,164</u>	<u>98,691</u>	<u>1,210,881</u>	<u>838,239</u>	<u>447,921</u>	<u>87,891</u>	<u>9,065,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,479,444</u>	<u>(98,300)</u>	<u>(1,210,881)</u>	<u>(836,480)</u>	<u>7,938,562</u>	<u>205,986</u>	<u>9,478,331</u>
Other financing sources (uses):							
Proceeds from sale of assets	18,587	-	-	-	-	-	18,587
Transfers in	-	3	1,210,851	-	-	-	1,210,854
Transfers out	<u>(1,278,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(1,278,243)</u>
Total other financing sources (uses)	<u>(1,259,653)</u>	<u>3</u>	<u>1,210,851</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(48,802)</u>
Net change in fund balances	2,219,791	(98,297)	(30)	(836,480)	7,938,562	205,983	9,429,529
Fund balances (deficit), beginning of year	<u>12,396,530</u>	<u>3,860,946</u>	<u>2,286</u>	<u>(4,928,757)</u>	<u>2,417,028</u>	<u>430,184</u>	<u>14,178,217</u>
Fund balances (deficit), end of year	<u>\$ 14,616,321</u>	<u>\$ 3,762,649</u>	<u>\$ 2,256</u>	<u>\$ (5,765,237)</u>	<u>\$ 10,355,590</u>	<u>\$ 636,167</u>	<u>\$ 23,607,746</u>

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

CITY OF STOCKBRIDGE, 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 DECEMBER 31, 2015

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

Net change in fund balances - total governmental funds	\$ 9,429,529
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(988,597)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(1,149,111)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(32,359)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	570,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(58,782)</u>
Changes in net position - governmental activities	<u><u>\$ 7,770,680</u></u>

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

**CITY OF STOCKBRIDGE, GEORGIA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 3,211,642	\$ 3,597,732	\$ 3,597,732	\$ -
Other taxes	4,182,911	4,396,063	4,671,493	275,430
Licenses and permits	200,950	200,950	211,001	10,051
Intergovernmental	0	161,774	182,679	20,905
Fines and forfeitures	1,018,389	1,018,389	1,059,330	40,941
Charges for services	500	500	3,078	2,578
Contributions	-	-	700	700
Interest income	14,700	14,700	2,404	(12,296)
Other revenues	101,400	101,400	133,191	31,791
Total revenues	<u>8,730,492</u>	<u>9,491,508</u>	<u>9,861,608</u>	<u>370,100</u>
Expenditures:				
Current:				
General government:				
Mayor and council	229,720	166,956	166,956	-
Executive	627,055	525,797	525,797	-
Financial administration	1,783,738	1,639,017	1,639,017	-
Data processing	73,000	71,691	71,691	-
Building and plant	488,751	270,242	270,242	-
Total general government	<u>3,202,264</u>	<u>2,673,703</u>	<u>2,673,703</u>	<u>-</u>
Judicial:				
Municipal court	657,903	615,842	615,842	-
Public safety:				
Police administration	755,000	790,475	790,475	-
Total public safety	<u>755,000</u>	<u>790,475</u>	<u>790,475</u>	<u>-</u>
Public Works and Parks:				
Public works	2,334,262	1,940,681	1,940,681	-
Parks	95,000	38,110	38,110	-
Total public works	<u>2,429,262</u>	<u>1,978,791</u>	<u>1,978,791</u>	<u>-</u>
Housing and development:				
Code enforcement	173,260	128,872	128,872	-
Main Street	144,510	107,821	107,821	-
City events	112,000	86,660	86,660	-
Total housing and development	<u>429,770</u>	<u>323,353</u>	<u>323,353</u>	<u>-</u>
Total expenditures	<u>7,474,199</u>	<u>6,382,164</u>	<u>6,382,164</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,256,293</u>	<u>3,109,344</u>	<u>3,479,444</u>	<u>370,100</u>
Other financing sources (uses):				
Proceeds from sale of assets	-	-	18,587	18,587
Transfers out	(1,256,293)	(1,278,240)	(1,278,240)	-
Total other financing uses	<u>(1,256,293)</u>	<u>(1,278,240)</u>	<u>(1,259,653)</u>	<u>18,587</u>
Net change in fund balances	-	1,831,104	2,219,791	388,687
Fund balances, beginning of year	<u>12,396,530</u>	<u>12,396,530</u>	<u>12,396,530</u>	<u>-</u>
Fund balances, end of year	<u>\$ 12,396,530</u>	<u>\$ 14,227,634</u>	<u>\$ 14,616,321</u>	<u>\$ 388,687</u>

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

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Water and Sewer Fund	Solid Waste Fund	Conference Center Fund	Other Enterprise Funds	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,350,256	\$ 2,731,707	\$ 160,314	\$ 1,351,829	\$ 7,594,106
Investments	58,000	-	-	-	58,000
Accounts receivable, net of allowances	382,028	64,807	-	130,187	577,022
Due from other governments	5,478	3,797	-	1,648	10,923
Inventories	109,319	-	-	-	109,319
Prepaid expenses	6,804	143	658	187	7,792
Total current assets	<u>3,911,885</u>	<u>2,800,454</u>	<u>160,972</u>	<u>1,483,851</u>	<u>8,357,162</u>
NONCURRENT ASSETS					
Capital assets:					
Capital assets, non-depreciable	433,472	-	28,641	217,769	679,882
Capital assets, depreciable, net of accumulated depreciation	13,830,969	181,182	2,531,623	832,813	17,376,587
Total capital assets	<u>14,264,441</u>	<u>181,182</u>	<u>2,560,264</u>	<u>1,050,582</u>	<u>18,056,469</u>
Total noncurrent assets	<u>14,264,441</u>	<u>181,182</u>	<u>2,560,264</u>	<u>1,050,582</u>	<u>18,056,469</u>
Total assets	<u>18,176,326</u>	<u>2,981,636</u>	<u>2,721,236</u>	<u>2,534,433</u>	<u>26,413,631</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	74,801	24,736	6,242	12,489	118,268
Total deferred outflows of resources	<u>74,801</u>	<u>24,736</u>	<u>6,242</u>	<u>12,489</u>	<u>118,268</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	80,979	19,184	2,430	3,697	106,290
Retainage payable	-	-	-	9,101	9,101
Accrued liabilities	15,369	3,792	1,467	2,627	23,255
Unearned revenue	-	1,019,232	-	-	1,019,232
Notes payable, current portion	80,474	-	-	-	80,474
Compensated absences due within one year	8,976	3,250	86	1,756	14,068
Customer deposits	125,155	-	37,852	10,310	173,317
Accrued interest	3,989	-	-	-	3,989
Total current liabilities	<u>314,942</u>	<u>1,045,458</u>	<u>41,835</u>	<u>27,491</u>	<u>1,429,726</u>
NONCURRENT LIABILITIES					
Compensated absences due in more than one year	35,902	12,998	345	7,025	56,270
Net pension liability	244,026	80,698	20,362	40,745	385,831
Notes payable, long-term portion	1,515,078	-	-	-	1,515,078
Total noncurrent liabilities	<u>1,795,006</u>	<u>93,696</u>	<u>20,707</u>	<u>47,770</u>	<u>1,957,179</u>
Total liabilities	<u>2,109,948</u>	<u>1,139,154</u>	<u>62,542</u>	<u>75,261</u>	<u>3,386,905</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	95,154	31,467	7,940	15,888	150,449
Total deferred outflows of resources	<u>95,154</u>	<u>31,467</u>	<u>7,940</u>	<u>15,888</u>	<u>150,449</u>
NET POSITION					
Net investment in capital assets	12,668,889	181,182	2,560,264	1,050,582	16,460,917
Unrestricted	3,377,136	1,654,569	96,732	1,405,191	6,533,628
Total net position	<u>\$ 16,046,025</u>	<u>\$ 1,835,751</u>	<u>\$ 2,656,996</u>	<u>\$ 2,455,773</u>	<u>\$ 22,994,545</u>

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

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Water and Sewer Fund	Solid Waste Fund	Conference Center Fund	Other Enterprise Funds	Totals
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 1,609,124	\$ -	\$ -	\$ -	\$ 1,609,124
Sewer sales	1,351,661	-	-	-	1,351,661
Stormwater fees	-	-	-	495,077	495,077
Sanitation charges	-	1,094,826	-	-	1,094,826
Rentals	-	75,649	163,297	46,788	285,734
Other fees and charges	106,622	-	-	-	106,622
Total operating revenues	<u>3,067,407</u>	<u>1,170,475</u>	<u>163,297</u>	<u>541,865</u>	<u>4,943,044</u>
OPERATING EXPENSES					
Personal services and employee benefits	1,014,370	329,774	101,225	147,002	1,592,371
Contracted services	392,577	287,909	64,430	63,008	807,924
Supplies	1,047,480	53,005	33,790	16,825	1,151,100
Repairs and maintenance	19,250	-	-	-	19,250
Bad debt expense	17,226	180	-	-	17,406
Depreciation	618,508	48,487	90,617	35,662	793,274
Total operating expenses	<u>3,109,411</u>	<u>719,355</u>	<u>290,062</u>	<u>262,497</u>	<u>4,381,325</u>
Operating income (loss)	<u>(42,004)</u>	<u>451,120</u>	<u>(126,765)</u>	<u>279,368</u>	<u>561,719</u>
NON-OPERATING REVENUE (EXPENSE)					
Gain on disposal of assets	31,293	11,498	-	-	42,791
Interest income	130	-	-	204	334
Interest expense	(48,946)	-	-	-	(48,946)
Total non-operating revenue (expenses)	<u>(17,523)</u>	<u>11,498</u>	<u>-</u>	<u>204</u>	<u>(5,821)</u>
Income (loss) before capital contributions and transfers	<u>(59,527)</u>	<u>462,618</u>	<u>(126,765)</u>	<u>279,572</u>	<u>555,898</u>
CAPITAL CONTRIBUTIONS	91,510	-	307,457	657,166	1,056,133
TRANSFERS IN	-	-	67,389	-	67,389
Change in net position	31,983	462,618	248,081	936,738	1,679,420
NET POSITION, beginning of year, as restated	<u>16,014,042</u>	<u>1,373,133</u>	<u>2,408,915</u>	<u>1,519,035</u>	<u>21,315,125</u>
NET POSITION, end of year	<u>\$ 16,046,025</u>	<u>\$ 1,835,751</u>	<u>\$ 2,656,996</u>	<u>\$ 2,455,773</u>	<u>\$ 22,994,545</u>

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

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Conference Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,071,386	\$ 1,176,295	\$ 179,319	\$ 538,581	\$ 4,965,581
Payments to suppliers and service providers	(1,450,819)	(342,659)	(209,896)	(97,491)	(2,100,865)
Payments to employees	(1,868,318)	(318,693)	(102,471)	(141,138)	(2,430,620)
Net cash provided by (used in) operating activities	<u>(247,751)</u>	<u>514,943</u>	<u>(133,048)</u>	<u>299,952</u>	<u>434,096</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	67,389	-	67,389
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>67,389</u>	<u>-</u>	<u>67,389</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(42,860)	-	-	(207,513)	(250,373)
Proceeds from sale of property and equipment	31,293	11,497	-	-	42,790
Principal payments on notes payable	(78,099)	-	-	-	(78,099)
Interest paid	(49,141)	-	-	-	(49,141)
Net cash provided by (used in) capital and related financing activities	<u>(138,807)</u>	<u>11,497</u>	<u>-</u>	<u>(207,513)</u>	<u>(334,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	130	-	-	204	334
Net cash provided by investing activities	<u>130</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>334</u>
Increase (decrease) in cash and cash equivalents	(386,428)	526,440	(65,659)	92,643	166,996
Cash and cash equivalents:					
Beginning of year	3,736,684	2,205,267	225,973	1,259,186	7,427,110
End of year	<u>\$ 3,350,256</u>	<u>\$ 2,731,707</u>	<u>\$ 160,314</u>	<u>\$ 1,351,829</u>	<u>\$ 7,594,106</u>

(Continued)

CITY OF STOCKBRIDGE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Conference Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (42,004)	\$ 451,120	\$ (126,765)	\$ 279,368	\$ 561,719
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	618,508	48,487	90,617	35,662	793,274
(Increase) decrease in accounts receivable	(3,621)	2,917	-	(4,814)	(5,518)
Decrease in inventories	11,400	-	-	-	11,400
Increase in due from other governments	-	(3,797)	-	(1,648)	(5,445)
Increase in deferred outflows of resources - pension	(7,699)	(2,546)	(643)	(1,285)	(12,173)
Increase in customer deposits	7,600	-	16,022	3,178	26,800
Increase (decrease) in prepaid expenses	(1,600)	(11)	29	18	(1,564)
Increase in accrued liabilities	48,620	16,887	219	8,794	74,520
Increase (decrease) in accounts payable	15,914	3,916	(751)	(10,197)	8,882
Increase in retainage payable	-	-	-	9,101	9,101
Increase in unearned revenue	-	6,880	-	-	6,880
Increase in deferred inflows of resources - pension	95,154	31,467	7,940	15,888	150,449
Decrease in net pension liability	(105,012)	(34,727)	(8,762)	(17,533)	(166,034)
Decrease in due to other funds	(885,011)	(5,650)	(110,954)	(16,580)	(1,018,195)
Net cash provided by (used in) operating activities	<u>\$ (247,751)</u>	<u>\$ 514,943</u>	<u>\$ (133,048)</u>	<u>\$ 299,952</u>	<u>\$ 434,096</u>
NON-CASH CAPITAL & RELATED FINANCING ACTIVITIES					
Contributions of capital assets from other funds	<u>\$ 91,510</u>	<u>\$ -</u>	<u>\$ 307,457</u>	<u>\$ 657,166</u>	<u>\$ 1,056,133</u>

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

CITY OF STOCKBRIDGE, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated in 1920 and is located in the northern part of Henry County about 18 miles south of Atlanta. The City provides a full range of services to approximately 26,000 residents. These services are provided in whole by the City or through contractual agreements with Henry County. These services include police services, community development, highways and streets, water and sewer, sanitation, parks, public improvements, planning and zoning, and general administrative services.

In 2013, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment to GASB No.'s 14 and 34*, which defines the reporting entity for determining which potential component units should be included in the primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. In addition to the above criteria, GASB 61 added that if the primary government is expected to repay substantially all of the component unit's debt, then the component unit should be blended.

Blended Component Units - Blended component units, although legally separate entities, are, in substance, part of the government's operations.

The City of Stockbridge Urban Redevelopment Agency (the "URA") was created by the City's elected officials to provide for the issuance of bonds to finance the construction of the Town Center facilities including City Hall. The City Council appoints the majority of the URA board members and the URA's debt is expected to be repaid almost entirely from the resources of the City. Although legally separate, the Urban Redevelopment Agency is blended as a governmental fund into the primary government. Separate financial statements for the Urban Redevelopment Agency are not issued.

The City of Stockbridge Downtown Development Authority (the "DDA") exists to encourage growth and redevelopment of the Stockbridge, Georgia central business district. The City Council appoints the majority of the DDA board members and the DDA's debt is expected to be repaid almost entirely from the resources of the City. Although legally separate, the DDA is blended as a major governmental fund into the primary government. Separate financial statements for the DDA are not issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales (SPLOST) III Fund** accounts for capital expenditures. Funding is provided by special purpose sales taxes, which are collected by the County and remitted to the City through an intergovernmental agreement.

The **Special Purpose Local Option Sales (SPLOST) IV Fund** accounts for capital expenditures. Funding is provided by special purpose sales taxes, which are collected by the County and remitted to the City through an intergovernmental agreement.

The **Urban Redevelopment Fund** accounts for the proceeds from the issuance of bonds to finance the acquisition and construction of major capital facilities.

The **Downtown Development Fund** accounts for the activities of the City's blended component unit, the Downtown Development Authority.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

The **Solid Waste Fund** accounts for revenues generated from the charges for sanitation and recycling services provided to the residential and commercial users of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Conference Center Fund** accounts for activities related to the Merle Manders Conference Center.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Use of Estimates

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

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

The City's investments consist of certificates of deposit with a maturity date greater than three months from the date of purchase and the State of Georgia's Georgia Fund 1. For reporting purposes, all investments are recorded at fair value.

State statutes authorize the City to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAf rated money market funds. The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value.

The City's policy is to hold investments to maturity.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2015:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external pool; and c) items associated with a fund other than the fund to which the income is assigned.

F. Inventories

Inventories are valued at cost, which approximates market, using the first in, first out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Expenditures/Expenses

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

Certain proceeds from the Urban Redevelopment Agency Fund's debt issues are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

I. Deferred Outflows / Inflows

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. These two items relate to the City's defined benefit pension plan. The pension assumption changes and the contributions made subsequent to the measurement date are deferred and recognized as pension expense in future years.

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item, unavailable revenue, arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue for court fines, rental income, and franchise taxes levied, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other two items relate to the City's defined benefit pension plan and are reported in the government-wide statement of net position. The pension experience differences and pension investment earnings difference represent future acquisitions of net position and, accordingly, are reported as deferred inflows of resources.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Stockbridge Retirement Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in respective funds.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building and improvements	30-50
Improvements other than buildings	25-50
Furniture and fixtures	10-20
Vehicles	5-10
Machinery and equipment	5-10
Infrastructure	40-50

The City only reports infrastructure assets purchased subsequent to December 31, 2003.

L. Compensated Absences

In 2015, the City switched from using a Paid Time Off (PTO) system to a compensated absences system. Under the compensated absences system, the City accrues accumulated unpaid vacation and sick benefits, which will be paid to employees upon separation from service, when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be market or near market rates, are treated as revenues and expenditures/expenses and are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

O. Budgets and Budgetary Accounting

The City adopts an annual budget for all of the City's funds and is required by state law to adopt annual budgets for the General Fund and all special revenue funds, i.e., Hotel/Motel Tax Fund. Public hearings are conducted to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of an ordinance. Any revisions that alter the total expenditures of any department must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Governmental fund type budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as amended in December 2015. All annual appropriations lapse at year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues

Substantially all governmental fund revenues are accrued. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Q. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

R. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. Only the City Council may modify or remove the commitment.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the Treasurer and her designee to assign fund balances. Assignments may occur subsequent to fiscal year-end.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

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

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

NOTES TO FINANCIAL STATEMENTS

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

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,999,543 difference are as follows:

Accrued interest payable	\$ (261,521)
Compensated absences payable	(118,022)
Bonds payable	<u>(13,620,000)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (13,999,543)</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$988,597 difference are as follows:

Capital outlay	\$ 242,537
Depreciation expense	<u>(1,231,134)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (988,597)</u>

NOTES TO FINANCIAL STATEMENTS

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

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets." The details of the \$1,149,111 decrease are as follows:

Loss on disposal of capital assets	\$ (92,978)
Transfer of capital assets to business-type activities	<u>(1,056,133)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,149,111)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$58,782 difference are as follows:

Compensated absences	\$ (118,022)
Net pension liability	48,300
Accrued interest	<u>10,940</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (58,782)</u>

NOTE 3. CASH AND INVESTMENTS

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of December 31, 2015, the City's investment in Georgia Fund 1 was rated AAf by Standard & Poor's and is valued at fair market value.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2015, all of the deposits for the City were fully collateralized in accordance with the state statutes.

Investments. The City’s financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States.

At December 31, 2015, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	36 day weighted average	\$ 6,009,641
Certificate of Deposit	August 19, 2019	12,284
Certificate of Deposit	June 29, 2016	58,000
		\$ 6,079,925

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The City, when applicable, obtains the services of Henry County to bill and collect the City’s property taxes. The County remits taxes collected to the City on a bi-monthly basis. Property taxes are levied approximately October 1 of each year and are due 60 days after issuance. A local option sales tax is in force. Proceeds from the tax are remitted to the City monthly and are utilized to give property tax owners tax relief. No property taxes were levied for the year ended December 31, 2015. There were no property taxes receivable as of December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at December 31, 2015 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Funds

	<u>General</u>	<u>SPLOST IV</u>	<u>Downtown Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 26,515	\$ 379,913	\$ -	\$ 21,094	\$ 427,522
Taxes	1,678,072	-	-	-	1,678,072
Accounts	<u>372,610</u>	<u>-</u>	<u>3,101</u>	<u>-</u>	<u>375,711</u>
Gross receivables	2,077,197	379,913	3,101	21,094	2,481,305
Less allowance for uncollectibles	<u>(224,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,829)</u>
Net total receivables	<u>\$ 1,852,368</u>	<u>\$ 379,913</u>	<u>\$ 3,101</u>	<u>\$ 21,094</u>	<u>\$ 2,256,476</u>

Proprietary Funds

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 5,478	\$ 3,797	\$ 1,648	\$ 10,923
Accounts	<u>400,584</u>	<u>65,307</u>	<u>130,187</u>	<u>596,078</u>
Gross receivables	406,062	69,104	131,835	607,001
Less allowance for uncollectibles	<u>(18,556)</u>	<u>(500)</u>	<u>-</u>	<u>(19,056)</u>
Net total receivables	<u>\$ 387,506</u>	<u>\$ 68,604</u>	<u>\$ 131,835</u>	<u>\$ 587,945</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 13,362,172	\$ 2,739	\$ -	\$ (28,641)	\$ 13,336,270
Construction in Progress	260,051	70,614	(87,500)	(16,510)	226,655
Total	<u>13,622,223</u>	<u>73,353</u>	<u>(87,500)</u>	<u>(45,151)</u>	<u>13,562,925</u>
Capital assets, being depreciated:					
Buildings and improvements	24,927,970	30,228	-	(1,097,070)	23,861,128
Improvements other than buildings	2,277,304	-	-	-	2,277,304
Infrastructure	8,149,467	-	-	-	8,149,467
Machinery and equipment	1,422,518	124,283	(30,150)	(79,500)	1,437,151
Office equipment	874,162	14,673	-	-	888,835
Vehicles	1,304,731	-	(35,188)	-	1,269,543
Furniture and fixtures	1,066,954	-	-	(3,563)	1,063,391
Total	<u>40,023,106</u>	<u>169,184</u>	<u>(65,338)</u>	<u>(1,180,133)</u>	<u>38,946,819</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,635,507)	(576,017)	-	162,929	(4,048,595)
Improvements other than buildings	(621,560)	(104,587)	-	-	(726,147)
Infrastructure	(1,127,451)	(197,564)	-	-	(1,325,015)
Machinery and equipment	(1,142,065)	(82,959)	24,672	4,500	(1,195,852)
Office equipment	(493,411)	(94,001)	-	-	(587,412)
Vehicles	(885,607)	(87,527)	35,188	-	(937,946)
Furniture and fixtures	(665,276)	(88,479)	-	1,722	(752,033)
Total	<u>(8,570,877)</u>	<u>(1,231,134)</u>	<u>59,860</u>	<u>169,151</u>	<u>(9,573,000)</u>
Total assets, being depreciated, net	<u>31,452,229</u>	<u>(1,061,950)</u>	<u>(5,478)</u>	<u>(1,010,982)</u>	<u>29,373,819</u>
Governmental activities capital assets, net	<u>\$ 45,074,452</u>	<u>\$ (988,597)</u>	<u>\$ (92,978)</u>	<u>\$ (1,056,133)</u>	<u>\$ 42,936,744</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 416,962	\$ -	\$ -	\$ 28,641	\$ 445,603
Construction in Progress	10,256	207,513	-	16,510	234,279
Total	<u>427,218</u>	<u>207,513</u>	<u>-</u>	<u>45,151</u>	<u>679,882</u>
Capital assets, being depreciated:					
Buildings and improvements	4,944,880	-	-	1,097,070	6,041,950
Improvements other than buildings	18,157,568	-	-	-	18,157,568
Infrastructure	224,023	-	-	-	224,023
Vehicles	1,632,088	23,403	(71,255)	-	1,584,236
Furniture and fixtures	417,226	-	-	3,563	420,789
Machinery and equipment	1,186,253	19,458	(1,499)	79,500	1,283,712
Total	<u>26,562,038</u>	<u>42,861</u>	<u>(72,754)</u>	<u>1,180,133</u>	<u>27,712,278</u>
Less accumulated depreciation for:					
Buildings and improvements	(912,306)	(164,729)	-	(162,929)	(1,239,964)
Improvements other than buildings	(6,122,175)	(403,364)	-	-	(6,525,539)
Infrastructure	(42,526)	(7,467)	-	-	(49,993)
Vehicles	(1,125,235)	(100,460)	71,255	-	(1,154,440)
Furniture and fixtures	(287,468)	(23,183)	-	(1,722)	(312,373)
Machinery and equipment	(956,310)	(94,071)	1,499	(4,500)	(1,053,382)
Total	<u>(9,446,020)</u>	<u>(793,274)</u>	<u>72,754</u>	<u>(169,151)</u>	<u>(10,335,691)</u>
Total assets, being depreciated, net	<u>17,116,018</u>	<u>(750,413)</u>	<u>-</u>	<u>1,010,982</u>	<u>17,376,587</u>
Business-type activities capital assets, net	<u>\$ 17,543,236</u>	<u>\$ (542,900)</u>	<u>\$ -</u>	<u>\$ 1,056,133</u>	<u>\$ 18,056,469</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 612,315
Judicial	57,011
Public safety	59,878
Public works	437,695
Housing and development	<u>64,235</u>

Total depreciation expense - governmental activities	<u>\$ 1,231,134</u>
--	---------------------

Business-type activities:

Water and sewer	\$ 618,509
Solid Waste	48,486
Stormwater	14,816
Conference center	90,617
Community center	<u>20,846</u>

Total depreciation expense - business-type activities	<u>\$ 793,274</u>
---	-------------------

NOTE 7. LONG-TERM DEBT

Changes in Long-Term Debt. The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Urban Redevelopment revenue bonds	\$ 14,190,000	\$ -	\$ (570,000)	\$ 13,620,000	\$ 595,000
Accrued compensated absences	-	118,022	-	118,022	23,604
Net pension liability	<u>960,216</u>	<u>599,987</u>	<u>(888,877)</u>	<u>671,326</u>	<u>-</u>
Total Governmental-Type Activity Long-Term Debt	<u>\$ 15,150,216</u>	<u>\$ 718,009</u>	<u>\$ (1,458,877)</u>	<u>\$ 14,409,348</u>	<u>\$ 618,604</u>
Business-type activities:					
GEFA notes payable	\$ 1,673,651	\$ -	\$ (78,099)	\$ 1,595,552	\$ 80,474
Accrued compensated absences	-	70,338	-	70,338	14,068
Net pension liability	<u>551,866</u>	<u>344,830</u>	<u>(510,865)</u>	<u>385,831</u>	<u>-</u>
Total Business-Type Activity Long-Term Debt	<u>\$ 2,225,517</u>	<u>\$ 415,168</u>	<u>\$ (588,964)</u>	<u>\$ 2,051,721</u>	<u>\$ 94,542</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The City's General Fund is typically used to liquidate all governmental activity long-term liabilities. However, proceeds from any asset sales relative to the Urban Redevelopment project will be used to liquidate the related revenue bond obligation.

The Water and Sewer Enterprise Fund is used to liquidate all of the business-type activity long-term liabilities.

Urban Redevelopment Revenue Bonds. The City entered into an agreement with Wachovia Bank that provided for the issuance of revenue bonds for the purchase of land and construction of structures and improvements for the New Town Center. Various bond issues were used by the City during the purchase and construction phases. Some of the issues were nontaxable while others were taxable issues. All of the remaining outstanding bonds are nontaxable. During the year ended December 31, 2015, the City repaid various bond issues in the amount of \$570,000. Amounts outstanding at year-end of \$13,620,000 reflect total draw downs to date net of repayments, if any.

Urban Redevelopment Fund long-term liabilities outstanding at December 31, 2015, are as follows:

Series 2005 B Revenue bonds payable to Wells Fargo Bank, in the total amount of \$7,330,000, interest at 4.45%, matures 2/1/31	\$ 5,805,000
Series 2006 A Revenue bonds payable to Wells Fargo Bank, in the total amount of \$4,795,000, current interest at 4.58%, matures 2/1/31	3,815,000
Series 2006 C Revenue bonds payable to Wells Fargo Bank, in the total amount of \$5,000,000, current interest at 4.865%, matures 2/1/31	<u>4,000,000</u>
Total	<u><u>\$ 13,620,000</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the revenue bonds that have closed are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 595,000	\$ 613,951	\$ 1,208,951
2017	625,000	585,859	1,210,859
2018	650,000	556,491	1,206,491
2019	680,000	525,859	1,205,859
2020	710,000	493,848	1,203,848
2021-2025	4,090,000	1,933,231	6,023,231
2026-2030	5,105,000	878,171	5,983,171
2031	<u>1,165,000</u>	<u>26,859</u>	<u>1,191,859</u>
Total	<u>\$ 13,620,000</u>	<u>\$ 5,614,269</u>	<u>\$ 19,234,269</u>

Water and Sewer Long-Term Debt. The City issues revenue bonds and enters into construction note agreements with the Georgia Environmental Facilities Authority where in both types of debt the government pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year relate to a note issued in 2010 to finance construction projects to improve the City's water distribution facilities. The note was issued by the Georgia Environmental Facilities Authority in the total amount of \$1,911,900. During the year ended December 31, 2015 the City repaid \$78,099 of the note payable. Amounts outstanding at year-end of \$1,595,552 reflect total draw downs to date net of repayments, if any.

The annual requirement to pay the Georgia Environmental Facilities Authority's note outstanding is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,474	\$ 46,766	\$ 127,240
2017	82,922	44,318	127,240
2018	85,444	41,796	127,240
2019	88,043	39,197	127,240
2020	90,721	36,519	127,240
2021-2025	496,711	139,490	636,201
2026-2030	576,988	59,213	636,201
2031	<u>94,249</u>	<u>1,182</u>	<u>95,431</u>
Total	<u>\$ 1,595,552</u>	<u>\$ 408,481</u>	<u>\$ 2,004,033</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund advances:

Advance From	Advance To
	DDA Fund
General Fund	\$ 6,000,000

During 2013, the City advanced to the DDA the sums of \$1,000,000 and \$5,000,000, in addition to the transfer of property, to purchase additional property to encourage growth and redevelopment in the downtown area. These amounts are not expected to be repaid until June 3, 2043 and December 9, 2043, respectively.

Interfund transfers:

Transfers In	Transfers Out		Total
	General Fund	Nonmajor Governmental Fund	
Urban Redevelopment Fund	\$ 1,210,851	-	\$ 1,210,851
SPLOST III Fund	-	3	3
Conference Center Fund	67,389	-	67,389
Total	\$ 1,278,240	\$ 3	\$ 1,278,243

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Henry County makes contributions on behalf of the City to the ARC. Separate financial statements may be obtained from:

Atlanta Regional Commission
3715 Northside Parkway
Building 200, Suite 300
Atlanta, Georgia 30327

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership

As of July 1, 2015, the date of the most recent actuarial valuation, there were 112 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not receiving benefits	14
Active plan members	71
	<hr/>
	112
	<hr/>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. For the year ended December 31, 2015, the City's contribution rate was 15.5% of annual payroll. City contributions to the Plan were \$427,020 for the year ended December 31, 2015.

Net Pension Liability of the City

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The City's net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2015.

Actuarial Assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50 %	5.95 %
International equity	15	6.45
Fixed income	25	1.55
Real estate	10	3.75
Total	100 %	

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended December 31, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2014	\$ 8,039,850	\$ 6,527,768	\$ 1,512,082
Changes for the year:			
Service cost	319,885	-	319,885
Interest	604,791	-	604,791
Differences between expected and actual experience	(372,914)	-	(372,914)
Assumption changes	-	-	-
Contributions - employer	-	397,450	(397,450)
Contributions - employee	-	-	-
Net investment income	-	629,378	(629,378)
Benefit payments, including refunds of employee contributions	(472,198)	(472,198)	-
Administrative expense	8,410	(11,731)	20,141
Net changes	<u>87,974</u>	<u>542,899</u>	<u>(454,925)</u>
Balances at December 31, 2015	<u>\$ 8,127,824</u>	<u>\$ 7,070,667</u>	<u>\$ 1,057,157</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, 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 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 2,044,379	\$ 1,057,157	\$ 226,314

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2015 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2015, the City recognized pension expense of \$350,960. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (310,761)
Changes in assumptions	3,784	-
Net difference between projected and actual earnings on pension plan investments	-	(101,460)
City contributions subsequent to the measurement date	320,265	-
Total	\$ 324,049	\$ (412,221)

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of \$320,265 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2016	\$ (86,760)
2017	(86,760)
2018	(86,760)
2019	(86,760)
2020	(61,397)
Total	<u>\$ (408,437)</u>

NOTE 11. RISK MANAGEMENT

The City of Stockbridge is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) Property and Insurance Fund is a municipal intergovernmental risk management agency operating as an unincorporated non-profit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The basis for estimating the liabilities for unpaid claims "IBNR" is established by an actuary.

During the year ended December 31, 2015, the City paid no claims. The City has not compiled a record of the claims paid up to the \$1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to \$1,000) which were outstanding and unpaid at December 31, 2015. No provisions have been made in the financial statements for the year ended December 31, 2015 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Stockbridge became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Coverages are as follows:

Coverage Description- Property:	
Buildings and contents- (Blanket)	\$ 41,906,496
Automobile physical damage	Per Application on file with Atlantic Speciality Insurance Company
Coverage Description- Casualty:	
Comprehensive general liability	\$ 1,000,000
Automobile liability	\$ 1,000,000
Errors and omissions (Public Officials)	\$ 1,000,000
Employee benefits liability	\$ 1,000,000
Coverage Description- Crime:	
Employee theft	\$ 500,000
Forgery or alteration	\$ 500,000
Money and securities- loss inside and outside premises	\$ 500,000
Deductible:	
All coverage are subject to a per occurrence deductible of	\$ 1,000

NOTE 12. COMMITMENTS AND CONTINGENCIES

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

In 2014, the citizens of Henry County voted to approve a special purpose local option sales tax to help finance the acquisition and construction of major capital equipment and facilities. In relation to this, the City entered into an intergovernmental agreement with Henry County and the other cities inside the County whereby Henry County would issue revenue bonds to finance some of the SPLOST projects in advance of the SPLOST tax collections. The City of Stockbridge received \$6,000,000 from the County under this agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The revenue bonds are in the name of Henry County and are not a direct liability of the City of Stockbridge. However, under the terms of the intergovernmental agreement, Henry County will retain all of the first SPLOST revenue collections for each year in amounts that will satisfy the annual debt service requirements. The agreement also requires the City of Stockbridge to pay its share of debt service requirements should the SPLOST revenue collections not be sufficient to satisfy the debt service requirements under the bond issue. Management believes the SPLOST revenue collections will be sufficient to satisfy all debt service requirements under the bond ordinance.

NOTE 13. HOTEL/MOTEL TAX

The City levies a 5% hotel/motel tax in accordance with the provisions of OCGA 48-13-51. In order to comply with the expenditure requirements of this code section, the City remits 40% of the monies collected under this provision to the Henry County Chamber of Commerce. During 2015, this tax increased from 5% to 8%, with the Henry County Chamber of Commerce receiving 50% of the 3% increase. Total collections for year ended December 31, 2015 were \$130,588. The amount remitted to the Chamber totaled \$54,892.

NOTE 14. POLICE PROTECTION

Henry County provides the City of Stockbridge with police protection by maintaining five full-time police officers, one lieutenant and a secretary within the city limits of Stockbridge. Prior to 2010, these services were paid for by citizens of Stockbridge through property and sales taxes collected by the County and the City paid the County for additional police services the City may request from time to time. Subsequent to 2009, the City began to pay the County an agreed upon amount paid by the citizens of Stockbridge. For 2015, the agreed upon amount was \$500,000.

NOTE 15. LEASE AGREEMENTS

The City leases its solid waste transfer station to Lamar County Regional Solid Waste Management Authority who subleases to Waste Management. The lease is on a year to year basis. The monthly rental charged by the City is \$1.40 for each ton of solid waste received at the site. For the year ended December 31, 2015, the City received \$75,649 in rental fees under the contract. The leased assets cost \$36,116 and are reported net of accumulated depreciation of \$27,087 for a net carrying value of \$9,029.

The City's lease agreements, other than the agreement described above, are relatively minor commitments whereby the City is leasing various pieces of office equipment.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLES

Government-wide Level

The City has determined that restatements to beginning net position of the governmental and business-type activities were required to recognize the change in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. These restatements are as follows:

	Governmental Activities	Business-Type Activities
Net position, beginning of year, as previously reported	\$ 45,015,314	\$ 21,760,895
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68 and 71	(775,617)	(445,770)
Net position, beginning of year, as restated	\$ 44,239,697	\$ 21,315,125

Fund Level

The City determined that restatements to beginning net position of the Water and Sewer Fund, Solid Waste Fund, Conference Center Fund and other nonmajor enterprise funds were required to recognize the change in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. These restatements are as follows:

	Water and Sewer Fund
Net position, beginning of year, as previously reported	\$ 16,295,978
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68 and 71	(281,936)
Net position, beginning of year, as restated	\$ 16,014,042

NOTES TO FINANCIAL STATEMENTS

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

Fund Level (Continued)

	Solid Waste Fund
Net position, beginning of year, as previously reported	\$ 1,466,368
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68 and 71	(93,235)
Net position, beginning of year, as restated	\$ 1,373,133
	Conference Center Fund
Net position, beginning of year, as previously reported	\$ 2,432,440
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68 and 71	(23,525)
Net position, beginning of year, as restated	\$ 2,408,915
	Nonmajor Enterprise Funds
Net position, beginning of year, as previously reported	\$ 1,566,109
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68 and 71	(47,074)
Net position, beginning of year, as restated	\$ 1,519,035

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED DECEMBER 31

	2015
Total pension liability	
Service cost	\$ 319,885
Interest on total pension liability	604,791
Differences between expected and actual experience	(372,914)
Changes of assumptions	4,539
Changes in benefit terms	3,871
Benefit payments, including refunds of employee contributions	(472,198)
Net change in total pension liability	87,974
Total pension liability - beginning	8,039,850
Total pension liability - ending (a)	\$ 8,127,824
Plan fiduciary net position	
Contributions - employer	\$ 397,450
Net investment income	629,378
Benefit payments, including refunds of employee contributions	(472,198)
Administrative expenses	(11,731)
Net change in plan fiduciary net position	542,899
Plan fiduciary net position - beginning	6,527,768
Plan fiduciary net position - ending (b)	\$ 7,070,667
City's net pension liability (a) - (b)	\$ 1,057,157
Plan fiduciary net position as a percentage of the total pension liability	87.0%
Covered-employee payroll	\$ 2,705,584
City's net pension liability as a percentage of covered payroll	39.1%

Notes to the Schedule

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

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS FOR THE FISCAL YEAR ENDED DECEMBER 31

	2015	2014
Actuarially determined contribution	\$ 411,377	\$ 387,593
Contributions in relation to the actuarially determined contribution	411,377	387,593
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	2,705,584	2,303,633
Contributions as a percentage of covered-employee payroll	15.2%	16.8%

Notes to the Schedule

Valuation date	July 1, 2015
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel taxes collected.

Permanent Fund

Burke Cemetery Fund – This fund is used to account for revenues earned from a trust set up for cemetery improvements at Burke Cemetery.

Capital Projects Funds

State and Federal Grants Fund – This fund is used to account for the acquisition and construction of major capital facilities which are financed with state and federal financial assistance.

SPLOST II Fund – This fund is used to account for acquisition and construction of major capital facilities that were approved by the voters of Henry County, Georgia through the special purpose local option sales tax referendum.

CITY OF STOCKBRIDGE, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax Fund</u>	<u>Burke Cemetery Fund</u>	<u>State and Federal Grants Fund</u>	<u>SPLOST II Fund</u>	
ASSETS					
Cash and cash equivalents	\$ 121,023	\$ -	\$ 493,801	\$ -	\$ 614,824
Investments	-	12,284	-	-	12,284
Receivables	21,094	-	-	-	21,094
Prepaid expenditures	684	-	-	-	684
	<u>684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684</u>
Total assets	<u>\$ 142,801</u>	<u>\$ 12,284</u>	<u>\$ 493,801</u>	<u>\$ -</u>	<u>\$ 648,886</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,719	\$ -	\$ -	\$ -	\$ 12,719
	<u>12,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,719</u>
Total liabilities	<u>12,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,719</u>
Fund Balances:					
Nonspendable:					
Permanent fund corpus	-	5,000	-	-	5,000
Prepays	684	-	-	-	684
Restricted:					
Cemetery maintenance	-	7,284	-	-	7,284
Capital projects	-	-	493,801	-	493,801
Tourism	129,398	-	-	-	129,398
Total fund balances	<u>130,082</u>	<u>12,284</u>	<u>493,801</u>	<u>-</u>	<u>636,167</u>
Total liabilities and fund balances	<u>\$ 142,801</u>	<u>\$ 12,284</u>	<u>\$ 493,801</u>	<u>\$ -</u>	<u>\$ 648,886</u>

CITY OF STOCKBRIDGE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax Fund</u>	<u>Burke Cemetery Fund</u>	<u>State and Federal Grants Fund</u>	<u>SPLOST II Fund</u>	
Revenues:					
Other taxes	\$ 130,588	\$ -	\$ -	\$ -	\$ 130,588
Intergovernmental	-	-	163,130	-	163,130
Interest income	-	93	66	-	159
Total revenues	<u>130,588</u>	<u>93</u>	<u>163,196</u>	<u>-</u>	<u>293,877</u>
Expenditures:					
Current:					
Housing and development	71,644	-	-	-	71,644
Capital outlay:					
Public works	-	-	16,247	-	16,247
Total expenditures	<u>71,644</u>	<u>-</u>	<u>16,247</u>	<u>-</u>	<u>87,891</u>
Excess of revenues over expenditures	<u>58,944</u>	<u>93</u>	<u>146,949</u>	<u>-</u>	<u>205,986</u>
Other financing uses:					
Transfers out	-	-	-	(3)	(3)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balances	58,944	93	146,949	(3)	205,983
Fund balances, beginning of year	<u>71,138</u>	<u>12,191</u>	<u>346,852</u>	<u>3</u>	<u>430,184</u>
Fund balances, end of year	<u>\$ 130,082</u>	<u>\$ 12,284</u>	<u>\$ 493,801</u>	<u>\$ -</u>	<u>\$ 636,167</u>

NONMAJOR ENTERPRISE FUNDS

Community Center Fund – This fund is used to account for activities of the Ted Strickland Community Center.

Stormwater Fund – This fund is used to account for revenues generated from the charges for stormwater services provided to the citizens of Stockbridge.

CITY OF STOCKBRIDGE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015

	Community Center Fund	Stormwater Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 58,427	\$ 1,293,402	\$ 1,351,829
Accounts receivable	-	130,187	130,187
Due from other governments	-	1,648	1,648
Prepaid expenses	52	135	187
Capital assets, net of accumulated depreciation	636,320	414,262	1,050,582
Total assets	694,799	1,839,634	2,534,433
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	-	12,489	12,489
Total deferred outflows of resources	-	12,489	12,489
LIABILITIES			
Accounts payable	985	2,712	3,697
Retainage payable	-	9,101	9,101
Accrued liabilities	-	2,627	2,627
Customer deposits	10,310	-	10,310
Compensated absences	-	8,781	8,781
Net pension liability	-	40,745	40,745
Total liabilities	11,295	63,966	75,261
DEFERRED INFLOWS OF RESOURCES			
Pensions	-	15,888	15,888
Total deferred inflows of resources	-	15,888	15,888
NET POSITION			
Net investment in capital assets	636,320	414,262	1,050,582
Unrestricted	47,184	1,358,007	1,405,191
Total net position	\$ 683,504	\$ 1,772,269	\$ 2,455,773

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

	Community Center Fund	Stormwater Fund	Totals
OPERATING REVENUES			
Charges for services:			
Rentals	\$ 46,788	\$ -	\$ 46,788
Stormwater fees	-	495,077	495,077
Total operating revenues	<u>46,788</u>	<u>495,077</u>	<u>541,865</u>
OPERATING EXPENSES			
Personal services	-	147,002	147,002
Contracted services	20,389	42,619	63,008
Supplies	8,533	8,292	16,825
Depreciation	<u>20,846</u>	<u>14,816</u>	<u>35,662</u>
Total operating expenses	<u>49,768</u>	<u>212,729</u>	<u>262,497</u>
Operating income (loss)	<u>(2,980)</u>	<u>282,348</u>	<u>279,368</u>
NON-OPERATING REVENUES			
Interest income	-	204	204
Total non-operating revenues	<u>-</u>	<u>204</u>	<u>204</u>
Income (loss) before capital contributions	(2,980)	282,552	279,572
CAPITAL CONTRIBUTIONS			
	<u>657,166</u>	<u>-</u>	<u>657,166</u>
Change in net position	654,186	282,552	936,738
NET POSITION, beginning of year, as restated	<u>29,318</u>	<u>1,489,717</u>	<u>1,519,035</u>
NET POSITION, end of year	<u>\$ 683,504</u>	<u>\$ 1,772,269</u>	<u>\$ 2,455,773</u>

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

	Community Center Fund	Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 49,966	\$ 488,615	\$ 538,581
Payments to suppliers and service providers	(45,611)	(51,880)	(97,491)
Payments to employees	-	(141,138)	(141,138)
Net cash provided by operating activities	4,355	295,597	299,952
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of equipment	-	(207,513)	(207,513)
Net cash used in capital and related financing activities	-	(207,513)	(207,513)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	204	204
Net cash provided by investing activities	-	204	204
Increase in cash and cash equivalents	4,355	88,288	92,643
Cash and cash equivalents:			
Beginning of year	54,072	1,205,114	1,259,186
End of year	\$ 58,427	\$ 1,293,402	\$ 1,351,829
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (2,980)	\$ 282,348	\$ 279,368
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	20,846	14,816	35,662
Increase in accounts receivable	-	(4,814)	(4,814)
Increase in due from other governments	-	(1,648)	(1,648)
Increase in deferred outflows of resources-pension	-	(1,285)	(1,285)
Increase in customer deposits	3,178	-	3,178
Decrease in prepaid expenses	8	10	18
Increase in accrued liabilities	-	8,794	8,794
Decrease in accounts payable	(117)	(10,080)	(10,197)
Increase in retainage payable	-	9,101	9,101
Increase in deferred inflows of resources-pension	-	15,888	15,888
Decrease in net pension liability	-	(17,533)	(17,533)
Decrease in due to other funds	(16,580)	-	(16,580)
Net cash provided by operating activities	\$ 4,355	\$ 295,597	\$ 299,952

CITY OF STOCKBRIDGE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST II
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percent Complete</u>
			<u>Beginning of Year</u>	<u>Current Year</u>	<u>To Date</u>	
Roads, streets, curbs, gutters, sidewalks and bridges	\$ 4,011,703	\$ 4,068,250	\$ 4,068,250	\$ -	\$ 4,068,250	100.00%
Water and sewer improvements, and the repayment of debt incurred to acquire and construct water and sewer improvements	1,700,000	2,033,303	2,033,303	-	2,033,303	100.00%
Parks and recreation	200,000	338,122	338,122	-	338,122	100.00%
Acquire land and buildings, including the payment of debt service relating thereto	1,800,000	1,702,348	1,702,348	-	1,702,348	100.00%
Totals	<u>\$ 7,711,703</u>	<u>\$ 8,142,023</u>	<u>\$ 8,142,023</u>	<u>\$ -</u>	<u>\$ 8,142,023</u>	<u>100.00%</u>

CITY OF STOCKBRIDGE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST III
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percent Complete</u>
			<u>Beginning of Year</u>	<u>Current Year</u>	<u>To Date</u>	
Roads, bridges, sidewalks and transportation facilities	\$ 3,060,000	\$ 1,514,671	\$ 1,514,671	\$ 12,839	\$ 1,527,510	100.85%
Public safety facilities and equipment	2,000,000	2,551,386	2,551,386	-	2,551,386	100.00%
Public works facilities and equipment	17,097,500	7,958,886	4,619,136	78,731	4,697,867	59.03%
Construction and renovation of municipal buildings	<u>10,700,000</u>	<u>6,239,501</u>	<u>5,785,950</u>	<u>7,121</u>	<u>5,793,071</u>	<u>92.85%</u>
Totals	<u>\$ 32,857,500</u>	<u>\$ 18,264,444</u>	<u>\$ 14,471,143</u>	<u>\$ 98,691</u>	<u>\$ 14,569,834</u>	<u>79.77%</u>

CITY OF STOCKBRIDGE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST IV
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percent Complete</u>
			<u>Beginning of Year</u>	<u>Current Year</u>	<u>To Date</u>	
Roads, bridges, sidewalks and transportation facilities	\$ 1,500,000	\$ 5,550,000	\$ -	\$ 365,221	\$ 365,221	6.58%
Public safety facilities and equipment	4,180,000	150,000	9,943	-	9,943	6.63%
Public works facilities and equipment	19,000,000	12,250,000	11,950	27,767	39,717	0.32%
Parks and recreation	<u>2,000,000</u>	<u>1,550,000</u>	<u>167,911</u>	<u>54,933</u>	<u>222,844</u>	<u>14.38%</u>
Totals	<u>\$ 26,680,000</u>	<u>\$ 19,500,000</u>	<u>\$ 189,804</u>	<u>\$ 447,921</u>	<u>\$ 637,725</u>	<u>3.27%</u>