

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, and assuming compliance by the City with certain covenants, interest on the Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. See "LEGAL MATTERS – Tax Exemption."



\$5,000,000
CITY OF UNION CITY (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2017

Dated: Date of Issuance

Due: April 1, as shown below

The City of Union City, Georgia, a municipal corporation of the State of Georgia (the "City"), is issuing its General Obligation Bonds, Series 2017 (the "Bonds") in fully registered form and in denominations of \$5,000, or any integral multiple thereof, for the purpose of (a) financing the acquisition, construction and equipping of a community center (the "Project") and (b) paying the costs of issuing the Bonds and capitalized interest on the Bonds. See "PLAN OF FINANCING."

The Bonds are direct and general obligations of the City. The principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, to be levied upon all taxable property within the City subject to taxation for general obligation bond purposes. See "THE BONDS – Security and Sources of Payment for the Bonds" and "CITY AD VALOREM TAXATION."

Interest on the Bonds is payable semiannually on April 1 and October 1 of each year (each such date, an "Interest Payment Date"), commencing October 1, 2017, by U.S. Bank National Association, as Paying Agent, to the owners thereof as shown on the registration books maintained by U.S. Bank National Association, as Bond Registrar. The Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. See "THE BONDS – Description."

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases will be made only in book-entry form through the Direct Participants and Indirect Participants (as herein defined), and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by DTC through its Direct Participants and Indirect Participants. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders of the Bonds or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry System of Registration."

The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP No.⁽¹⁾
2019	\$ 75,000	5.000%	1.110%	905666DN0
2020	80,000	5.000	1.300	905666DP5
2021	80,000	5.000	1.490	905666DQ3
2022	85,000	5.000	1.710	905666DR1
2023	90,000	5.000	1.900	905666DS9
2024	95,000	5.000	2.060	905666DT7
2025	105,000	5.000	2.230	905666DU4
2026	110,000	5.000	2.370	905666DV2
2027	115,000	5.000	2.470	905666DW0
2028	125,000	5.000	2.590 ^c	905666DX8
2029	130,000	5.000	2.710 ^c	905666DY6
2030	140,000	5.000	2.810 ^c	905666DZ3

\$640,000 5.000% Term Bond Due April 1, 2034, Priced to Yield 3.100%^c, CUSIP No.⁽¹⁾ 905666EA7

\$590,000 5.000% Term Bond Due April 1, 2037, Priced to Yield 3.220%^c, CUSIP No.⁽¹⁾ 905666EB5

\$1,250,000 5.000% Term Bond Due April 1, 2042, Priced to Yield 3.310%^c, CUSIP No.⁽¹⁾ 905666EC3

\$1,290,000 5.000% Term Bond Due April 1, 2046 Priced to Yield 3.350%^c, CUSIP No.⁽¹⁾ 905666ED1

^c Yield calculated to April 1, 2027 call date.

⁽¹⁾ CUSIP numbers are included solely for the convenience of the purchasers of the Bonds. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are copyright 2016 by the American Bankers Association. Neither the City nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers provided herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if issued by the City and accepted by the Underwriter, subject to prior sale, to the withdrawal or modification of the offer without notice, and to the approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. Certain legal matters will be passed on for the City by its counsel, McNally, Fox, Grant & Davenport, P.C. and for the Underwriter by its Counsel, Butler Snow LLP. Terminus Municipal Advisors, LLC is acting as the City's financial advisor. The Bonds are expected to be delivered through DTC in New York, New York on or about April 27, 2017.

Jefferies

CITY OF UNION CITY, GEORGIA

Elected Officials

Vince Williams, Mayor
Brian K. Jones
Angelette Mealing
Shayla Nealy
Christina Hobbs

Appointed Officials

Sonja Fillingame, City Manager
Tarsha Calloway, Finance Director

COUNSEL TO THE CITY

McNally, Fox, Grant & Davenport, P.C.
Fayetteville, Georgia

UNDERWRITER

Jefferies LLC
Atlanta, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL TO THE CITY

Murray Barnes Finister LLP
Atlanta, Georgia

UNDERWRITER'S COUNSEL

Butler Snow LLP
Atlanta, Georgia

FINANCIAL ADVISOR

Terminus Municipal Advisors, LLC
Atlanta, Georgia

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the City, public documents, records and other sources considered to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$5,000,000
CITY OF UNION CITY (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2017

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the City of Union City, Georgia (the “City”) of \$5,000,000 in aggregate principal amount of its General Obligation Bonds, Series 2017 (the “Bonds”).

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement including the Appendices hereto.

The City

The City is a municipal corporation of the State of Georgia located in Fulton County (the “County”), approximately 15 miles south of downtown Atlanta. The City had an estimated population of 20,459 in 2015 (the most recent information available). See “THE CITY.”

Purpose of the Bonds

The proceeds of the Bonds will be used for the purpose of (a) financing the acquisition, construction and equipping of a community center (the “Project”) and (b) paying the costs of issuing the Bonds and capitalized interest on the Bonds. See “PLAN OF FINANCING.”

Security and Sources of Payment for the Bonds

The Bonds are direct and general obligations of the City. The principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the City subject to taxation for general obligation bond purposes. See “THE BONDS – Security and Sources of Payment for the Bonds” and “CITY AD VALOREM TAXATION.”

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to their respective maturities. See “THE BONDS – Redemption.”

Denominations. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Book-Entry Bonds. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases will be made only in book-entry form through the Direct Participants and Indirect Participants (as herein defined), and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by DTC through its Direct Participants and Indirect Participants. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references

herein to the holders of the Bonds or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry System of Registration.”

Registration, Transfers and Exchanges. The Bonds will be issued in fully registered form. When in book-entry form, ownership of Bonds may be registered as transferred and Bonds may be exchanged in accordance with the rules and procedures of DTC. When not in book-entry form and subject to the conditions hereinafter described, ownership of any Bond may be registered as transferred upon surrender of such Bond to U.S. Bank National Association, as Bond Registrar and Paying Agent, together with an assignment duly executed by the registered owner or his attorney. When not in book-entry form and subject to the conditions hereinafter described, the Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity and interest rate but of other authorized denominations. See “THE BONDS – Registration Provisions; Transfer and Exchange.”

Payments. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year until maturity (each an “Interest Payment Date”), commencing October 1, 2017. Principal of the Bonds will be payable at the times and in the amounts shown on the front cover of this Official Statement. When in book-entry form, payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Direct Participants and Indirect Participants and thereafter to Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry System of Registration.”

When not in book-entry form, interest on the Bonds is payable by check or draft mailed to the registered owners thereof at the addresses which appear on the bond registration books of the Bond Registrar as of the close of business on the fifteenth calendar day of the month preceding each Interest Payment Date (the “Record Date”). When not in book-entry form, the principal of the Bonds is payable upon surrender thereof at the corporate trust office of the Paying Agent in Atlanta, Georgia. See “THE BONDS – Description.”

For a more complete description of the Bonds, see “THE BONDS.”

Tax Exemption

In the opinion of Bond Counsel, subject to the limitations and conditions described herein and assuming compliance by the City with certain covenants, interest on the Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. See “LEGAL MATTERS – Tax Exemption” herein and Appendix B hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds.

Bond Registrar, Paying Agent and Custodian

U.S. Bank National Association, Atlanta, Georgia will act as Paying Agent and Bond Registrar for the Bonds. The principal corporate trust office of the Paying Agent is 1349 West Peachtree Street NW, Suite 1050, Atlanta, Georgia 30309.

Professionals Involved in the Offering

Certain legal matters pertaining to the City and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. Copies of the opinion will be available at the time of delivery of the Bonds, and a copy of the proposed form of the opinion is attached hereto as Appendix B. Certain legal matters will be passed on for the City by its counsel, McNally, Fox, Grant & Davenport, P.C. and for the Underwriter by its counsel, Butler Snow LLP. The financial statements of the City for the fiscal year ended August 31, 2016 attached hereto as Appendix A have been audited by Mauldin & Jenkins LLC, to the extent and for the period indicated in its report thereon which appears in Appendix A hereto. See “MISCELLANEOUS – Independent Auditors.” Terminus Municipal Advisors, LLC, Atlanta, Georgia, has served as Financial Advisor to the City with respect to the Bonds.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and laws of the State of Georgia including particularly (a) Article IX, Section V, Paragraph I of the Constitution of the State of Georgia, which requires the assent of a majority of the qualified voters of the City in an election held for such purposes before bonded indebtedness may be issued, (b) a resolution of the Mayor and City Council of the city calling the election, adopted on July 7, 2016 (the “Bond Election Resolution”) and (c) a resolution of the Mayor and City Council of the City to be adopted on April 18, 2017 (the “Bond Resolution”). Pursuant to the Georgia Constitution, an election was held on November 8, 2016 (the “Election”) within the limits of the City to determine whether the Bonds should be issued. The results of the Election were in favor of the issuance of the Bonds, with 5,017 voting in favor and 2,245 voting against the issuance.

Offering and Delivery of the Bonds

The Bonds are offered when, as, and if issued by the City and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice. The Bonds in definitive form are expected to be delivered through The Depository Trust Company in New York, New York, on or about April 27, 2017.

Continuing Disclosure

The City has covenanted for the benefit of the owners of the Bonds in a Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”) with Digital Assurance Certification, LLC (“DAC”) to provide (a) certain financial information and operating data relating to the City (the “Operating and Financial Data”) annually to the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Market Access System (“EMMA”) and (b) notices of the occurrence of certain events within 10 business days of their occurrence (the “Events Notices”) to EMMA. The City’s undertaking to provide Operating and Financial Data and Events Notices is described in the Continuing Disclosure Certificate, a form of which is attached as Appendix C hereto. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

Pursuant to the Disclosure Agreement, the City has designated DAC as the Disclosure Dissemination Agent. DAC will provide for the benefit of the owners of the Bonds the Operating and Financial Data and the Event Notices to EMMA on behalf of the City. A form of the Disclosure Agreement is attached hereto as Appendix C.

The City has previously entered into other written undertakings (collectively, the “Prior Undertakings” and individually, each a “Prior Undertaking”) similar to the Disclosure Certificate in connection with the issuance of other obligations as an obligated person under the Rule. There have been instances in the last five fiscal years in which the City has not fully complied with its obligations under the Prior Undertakings. These instances are summarized below:

- (1) With respect to the Prior Undertaking executed by the City in connection with the issuance of its General Obligation Bonds, Series 2006 Bonds, the City did not timely file its audited financial statements for the fiscal years ended August 31, 2012 and 2013. The City subsequently disclosed its failure to make these filings to EMMA and has made corrective filings with EMMA. In addition, the City incorrectly calculated the millage rates in its audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.
- (2) With respect to the Prior Undertaking executed by the City in connection with the issuance of its General Obligation Bonds, Series 2010 (the “Series 2010 Bonds”), the City incorrectly calculated the millage rates in its audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.
- (3) With respect to the Prior Undertaking executed by the City in connection with the issuance of the Georgia Municipal Association, Inc. Leasing Program Certificates of Participation (City of Union

City, Georgia Criminal Justice Center Project), Series 2010, the City incorrectly calculated the millage rates in its audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.

- (4) With respect to the Prior Undertaking executed by the City in connection with the issuance of its Water and Sewerage Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”), the City properly filed the audited financial statements for the fiscal year ended August 31, 2012 for its other issues but failed to link its audited financial statements to the Series 2012 Bonds. The City subsequently linked the audited financial statements for the fiscal year ended August 31, 2012 to the Series 2012 Bonds. In addition, the City did not timely report its Ten Largest Customers of the System for the fiscal year ended August 31, 2012, and the annual report for the fiscal year ended August 31, 2014 did not contain the Ten Largest Customers of the System. The City subsequently disclosed its failure to make these filings to EMMA and has made corrective filings with EMMA.
- (5) With respect to the Prior Undertaking executed by the City in connection with the issuance of the South Fulton Municipal Regional Jail Authority Taxable Refunding Revenue Bonds, Series 2012 (the “Series 2012 Jail Bonds”), the City properly filed the audited financial statements for the fiscal year ended August 31, 2012 for its other issues but failed to link its audited financial statements to the Series 2012 Jail Bonds. The City subsequently linked the audited financial statements for the fiscal year ended August 31, 2012 to the Series 2012 Jail Bonds. In addition, the City did not timely file its audited financial statements for the fiscal year ended August 31, 2013. The City subsequently disclosed its failure to make these filings to EMMA and has made corrective filings with EMMA. The City also incorrectly calculated the millage rates in the audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.
- (6) With respect to the Prior Undertaking executed by the City in connection with the South Fulton Municipal Regional Water and Sewer Authority Revenue Refunding Bonds, Series 2014, the City timely filed its audited financial statements for the fiscal year ended August 31, 2015 but filed its annual report two days late. In addition, the City incorrectly calculated the millage rates in the audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.
- (7) With respect to the Prior Undertaking executed by the City in connection with its General Obligation Refunding Bonds, Series 2014, the City incorrectly calculated the millage rates in its audited financial statements for the fiscal years ended August 31, 2014, 2015 and 2016. The City subsequently disclosed its calculation error to EMMA and has made a corrective filing with EMMA.

The City also failed to timely file multiple event notices that were required to be filed in connection with the execution of the Prior Undertakings during the last five fiscal years. A summary of the instances in which the City has failed to fully comply with such obligations is set forth below.

- (1) The City failed to file an Event Notice required to be filed with respect to changes in the credit ratings of MBIA Insurance Corporation, the issuer of bond insurance policies that guaranteed the payment of principal of and interest on the City’s General Obligation Bonds, Series 2006, the City’s Water and Sewerage Revenue Bonds, Series 1996 and the Georgia Municipal Association, Inc. Leasing Program (City of Union City, Georgia Criminal Justice Center Project), Series 1997 (the “1997 Certificates”).
- (2) The City failed to file an Event Notice required to be filed with respect to a downgrade in the credit rating assigned to the City by Moody’s Investors Service on September 18, 2012 with respect to the Series 2006 Bonds and the Series 2010 Certificates.

In order to ensure that the City complies in the future with its continuing disclosure undertakings, including the Disclosure Agreement, the City has entered into the Disclosure Agreement with DAC, as described more fully above, to assist the City with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique ID number from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year.

As of the date of issuance of the Bonds, the City has adopted a tax-exempt debt policy to ensure compliance with its continuing disclosure obligations.

Other Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the City, the Bonds, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City Manager, 5047 Union Street, Union City, Georgia 30291, telephone (770) 964-2288. During the period of the offering of the Bonds copies of the documents are available, upon request and payment to the Underwriter of a charge for copying, mailing and handling from Jefferies LLC, 3414 Peachtree Road, N.E., Suite 200, Atlanta, Georgia 30326, telephone (404) 264-5021.

PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Bonds are set forth below.

Sources of Funds:	
Par Amount of Bonds	\$5,000,000.00
Plus: Original Issue Premium	<u>767,176.90</u>
Total Sources of Funds	<u>\$5,767,176.90</u>
Application of Funds:	
Project Fund	\$5,458,620.64
Costs of Issuance ⁽¹⁾	201,611.82
Capitalized Interest ⁽²⁾	<u>106,944.44</u>
Total Application of Funds	<u>\$5,767,176.90</u>

⁽¹⁾ Includes Underwriter's discount, legal and accounting fees, rating agency fees, verification agent's fees, printing costs, validation court costs and other costs of issuance.

⁽²⁾ Capitalized interest through October 1, 2017.

Project

A portion of the proceeds of the Bonds will be used to finance the Project. The Project consists of financing the acquisition, construction and equipping of a community center. The City is considering renovating an existing building, particularly the old Georgia Military College building, the Etrius Building and/or the Depot Building, or constructing a new one. The Bond proceeds that will be used to finance the Project will be deposited into a project fund created in the Bond Resolution (the "Project Fund") held by U.S. Bank National Association (the "Project Fund Custodian"). The City will submit requisitions to the Project Fund Custodian as funds are needed to

pay the costs of the Project. Pending their disbursement, such moneys will be invested in the investments described below.

Investment of Bond Proceed

The moneys in the Project Fund will be invested pending their disbursement. Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Bonds may be invested and reinvested by the governing authority of the County in the following investments:

- (1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated;
- (2) bonds or obligations of the County or of the State of Georgia or other states and bonds or obligations of other counties, municipal corporations, and political subdivisions of the State of Georgia;
- (3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;
- (4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence, provided however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
- (5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;
- (6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds, provided the portion of the certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, must be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;
- (7) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(a) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations described in paragraph (3) and (4) above and repurchase agreements fully collateralized by any such obligations,

(b) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian,

(c) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value, and

(d) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

THE BONDS

Description

The Bonds will be dated as of their date of issuance and will bear interest at the rates specified on the cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, unless their date of authentication is after a Record Date but before an Interest Payment Date, in which case from the next Interest Payment Date, or unless their date of authentication is before the first Interest Payment Date, in which case from their date of issuance). Interest will be payable semiannually on each Interest Payment Date, commencing October 1, 2017. The principal amount of the Bonds is payable at the times and in the amounts set forth on the cover page of this Official Statement. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

When in book-entry form, payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Direct Participants and Indirect Participants and thereafter to Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry System of Registration.”

When not in book-entry form, the principal of the Bonds shall be payable at maturity upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent. Payments of interest on the Bonds shall be made by check or draft payable to the registered owner as shown on the bond registration book kept by the Bond Registrar at the close of business on each Record Date, and such payments of interest shall be mailed to the registered owner at the address shown on the bond registration book. If the registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 shall supply wire instructions to the Paying Agent on or prior to the Record Date, then interest due on the Interest Payment Date succeeding the Record Date shall be payable by wire transfer in accordance with such instructions.

Security and Sources of Payment for the Bonds

The Bonds are direct and general obligations of the City and, except to the extent that they may be payable from other revenues of the City, are payable, as to both principal and interest, from an ad valorem tax unlimited as to rate or amount which may be levied upon all taxable property within the corporate limits of the City subject to taxation for general obligation bond purposes. See “CITY DEBT STRUCTURE” and “CITY AD VALOREM TAXATION” herein for a discussion of the City’s outstanding debt and legal ability to incur future indebtedness and for a discussion of City ad valorem taxation.

Enforcement of Remedies

The realization of value from the pledge of the taxing power of the City to the payment of the Bonds upon any default will depend upon the exercise of various remedies specified by Georgia law. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent applicable to the Bonds or the City.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no county of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, city council or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any municipality created under the Constitution or laws of the State of Georgia, including the City, of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

Redemption

Optional Redemption. The Bonds maturing on or after April 1, 2028 are subject to optional redemption, in whole or in part at any time, on or after April 1, 2027, in the order of maturities selected by the City, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on April 1, 2034 are subject to mandatory sinking fund redemption on April 1, 2031 and on each April 1 thereafter, in accordance with the Bond Resolution, at a redemption price equal to 100% of the principal amount of each Bond (or portion thereof) to be redeemed plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the April 1, 2034 amount to be paid rather than redeemed):

<u>April 1 of the Year</u>	<u>Principal Amount</u>
2031	\$145,000
2032	155,000
2033	165,000
2034	175,000

The Bonds maturing on April 1, 2037 are subject to mandatory sinking fund redemption on April 1, 2035 and on each April 1 thereafter, in accordance with the Bond Resolution, at a redemption price equal to 100% of the principal amount of each Bond (or portion thereof) to be redeemed plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the April 1, 2037 amount to be paid rather than redeemed):

<u>April 1 of the Year</u>	<u>Principal Amount</u>
2035	\$185,000
2036	195,000
2037	210,000

The Bonds maturing on April 1, 2042 are subject to mandatory sinking fund redemption on April 1, 2038 and on each April 1 thereafter, in accordance with the Bond Resolution, at a redemption price equal to 100% of the principal amount of each Bond (or portion thereof) to be redeemed plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the April 1, 2042 amount to be paid rather than redeemed):

<u>April 1 of the Year</u>	<u>Principal Amount</u>
2038	\$220,000
2039	235,000
2040	250,000
2041	265,000
2042	280,000

The Bonds maturing on April 1, 2046 are subject to mandatory sinking fund redemption on April 1, 2043 and on each April 1 thereafter, in accordance with the Bond Resolution, at a redemption price equal to 100% of the principal amount of each Bond (or portion thereof) to be redeemed plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the April 1, 2046 amount to be paid rather than redeemed):

<u>April 1 of the Year</u>	<u>Principal Amount</u>
2043	\$295,000
2044	315,000
2045	330,000
2046	350,000

Registration Provisions; Transfer and Exchange

The Bonds will be issued in fully registered form. Ownership of the Bonds will be registered on the registration books of the City maintained by the Bond Registrar. When in book-entry form, ownership of the Bonds may be registered as transferred and Bonds may be exchanged in accordance with the rules of DTC. See “THE BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Bond may be registered as transferred upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar. Upon any such register of transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Bond or Bonds registered in the name of the transferee in any authorized denomination in the same aggregate principal amount, maturity, and interest rate as the Bonds surrendered for such transfer. When not in book-entry form, the Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity and interest rate but of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Bonds.

Book-Entry System of Registration

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an

authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns

Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE PAYING AGENT NOR THE UNDERWRITER (OTHER THAN IN THEIR CAPACITY, IF ANY, AS A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF BONDS; OR (5) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BONDS.

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PRINCIPAL AND INTEREST REQUIREMENTS

The following are the principal and interest payment requirements with respect to the Bonds for the fiscal years shown below.

Fiscal Year Ended <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ —	\$231,944.44	\$231,944.44
2019	75,000	250,000.00	325,000.00
2020	80,000	246,250.00	326,250.00
2021	80,000	242,250.00	322,250.00
2022	85,000	238,250.00	323,250.00
2023	90,000	234,000.00	324,000.00
2024	95,000	229,500.00	324,500.00
2025	105,000	224,750.00	329,750.00
2026	110,000	219,500.00	329,500.00
2027	115,000	214,000.00	329,000.00
2028	125,000	208,250.00	333,250.00
2029	130,000	202,000.00	332,000.00
2030	140,000	195,500.00	335,500.00
2031	145,000	188,500.00	333,500.00
2032	155,000	181,250.00	336,250.00
2033	165,000	173,500.00	338,500.00
2034	175,000	165,250.00	340,250.00
2035	185,000	156,500.00	341,500.00
2036	195,000	147,250.00	342,250.00
2037	210,000	137,500.00	347,500.00
2038	220,000	127,000.00	347,000.00
2039	235,000	116,000.00	351,000.00
2040	250,000	104,250.00	354,250.00
2041	265,000	91,750.00	356,750.00
2042	280,000	78,500.00	358,500.00
2043	295,000	64,500.00	359,500.00
2044	315,000	49,750.00	364,750.00
2045	330,000	34,000.00	364,000.00
2046	<u>350,000</u>	<u>17,500.00</u>	<u>367,500.00</u>
Total	<u>\$5,000,000</u>	<u>\$4,769,194.44</u>	<u>\$9,769,194.44</u>

See “CITY DEBT STRUCTURE” for a description of other tax supported debt of the City.

THE CITY

Introduction

The City is a municipal corporation created and validly existing under the laws of the State of Georgia. The City is located approximately 15 miles south of downtown Atlanta in Fulton County (the “County”). The City is located near Interstates 20, 75 and 85. The City was incorporated in 1908 and since that time the City’s population has grown to an estimated population of 20,459 in 2015 (the most recent information available). There are thirteen other municipalities in the County: Atlanta, which is the county seat, Alpharetta, Chattahoochee Hills, College Park, East Point, Fairburn, Hapeville, Johns Creek, Milton, Mountain Park, Palmetto, Roswell and Sandy Springs.

Form of Government

The City's form of government is the City Council. Under the City's charter, all legislative powers are vested in the City Council, which is composed of the Mayor and four council members. The Mayor and the council members are elected at large for four-year terms. The terms of office are staggered so that two council members are up for election in every odd year. The Mayor and council members elect a Mayor Pro-Tem and appoint a City Clerk and City Manager. The current members, the expiration of their term of office and their principal occupation are as follows:

<u>Member</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Vince R. Williams	Mayor	Associate Pastor	12/31/2017
Brian K. Jones	Member	Assistant Purchasing Agent	12/31/2019
Angelette Mealing	Member	Senior Budget Analyst	12/31/2017
Shayla Nealy	Member	Water Resources Engineer	12/31/2017
Christina Hobbs	Member	Education	12/31/2019

City Manager

The City Council appoints a full-time City Manager to run the day-to-day operations of the City. The current City Manager is Ms. Sonja Fillingame, who was appointed in July, 2013 after serving as Director of Operations for the City from 2009 – July, 2013. Ms. Fillingame holds a Master's degree in Public Administration and a Bachelor of Arts degree in Political Science, both from Georgia State University. She began her career in government approximately 22 years ago. In addition to serving as City Manager and Director of Operations for the City, Ms. Fillingame has also served as Grants Administrator for the City of Sandy Springs, Program Director at the Governor's Criminal Justice Coordinating Council and Compliance Manager (Constituent Services) for former Governor Zell Miller. Her past responsibilities included administration, supervision, planning and coordination.

Finance Director

The City's Finance Director runs the day-to-day operations of the Finance Department including preparation of the City's Annual Budget. The current Finance Director is Ms. Tarsha Calloway, who began working for the City in September 2009 as the comptroller and in 2013 as the Finance Director. Ms. Calloway holds a Bachelor of Business Administration in Accounting from University of Southern Mississippi. She began her career in government in 2000 and has served as Comptroller for the City, Director of Administrative Services, Accounting Manager for the City of Sandy Springs, Financial Systems Supervisor for the Fulton County Government and Internal Auditor for the State of Michigan. Her past responsibilities included finance, administration, supervision and budgeting.

Employees

The City employed 180 full-time and 8 part-time employees in all departments of government as of February 28, 2017. No employees of the City are represented by labor organizations or are covered by collective bargaining agreements, and the City is not aware of any union organizing efforts at the present time. The City believes that employee relations are good.

Retirement Plans and Other Post-Employment Benefits

Defined Benefit Plan. The City provides all full-time employees with a defined benefit retirement plan (the "Defined Benefit Plan"). The Defined Benefit Plan is a part of the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia and that is administered by the Georgia Municipal Association. The benefit provisions and all other requirements of the Defined Benefit Plan are established by the City Council and may be amended by ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Defined Benefit Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

All full-time City employees are eligible to participate in the Defined Benefit Plan after completing three years of service. Participating employees do not contribute to the Defined Benefit Plan. The City is required to contribute to the Defined Benefit Plan for each participating employee at an actuarially determined rate; for the year ended August 31, 2016, the City's contribution rate was 18.42% of annual payroll. The contribution requirements are established and may be amended by GMEBS' Board of Trustees. The City's funding policy for the Defined Benefit Plan is to contribute an amount equal to or greater than the recommended contribution. Administrative costs of the Defined Benefit Plan are financed through investment income.

The Defined Benefit Plan has 156 active participants, 55 retired participants and their beneficiaries and 107 inactive participants with a vested right to a deferred or immediate benefit as of January 1, 2016.

The City's contributions to the Defined Benefit Plan for the fiscal year ended August 31, 2016, 2015 and 2014 were \$865,396, \$935,640 and \$850,000, respectively. As of August 31, 2016, (the most recent information available), the Defined Benefit Plan had an actuarial value of assets equal to \$14,101,170 and an actuarial accrued liability of \$21,389,868, resulting in an unfunded actuarial accrued liability of \$7,288,698. The City has a plan in place to eliminate the unfunded actuarial accrued liability in the next five years.

See Note 7 of the audited financial statements for a detailed description of the Defined Benefit Plan.

Defined Contribution Plan. The City also provides all full-time employees with the option to participate in a defined contribution retirement plan (the "Defined Contribution Plan") administered by Citistreet Associates and created in accordance with Internal Revenue Code Section 457. The Plan is available to all City employees and permits each participating employee to defer a portion of their salary until future years. The City's contribution requirements to the Defined Contribution Plan are established, and may be amended, by the City Council.

For each participating employee, the City is required to contribute an amount equal to 100% up to the first 2% of annual salary that such employee elects to defer, 75% of the next 2% of annual salary and 50% of the next 6% of annual salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City and its accounting professionals have determined pursuant to Governmental Accounting Standards Board Statement Number 32 that the City does not have a fiduciary relationship with the Defined Contribution Plan, and accordingly, the balances and transactions of the Defined Contribution Plan are not reported in the City's financial statements. The City's contributions to the Defined Contribution Plan was approximately \$243,133, and the employees' contributions were approximately \$326,404 for the year ended August 31, 2016.

See Note 8 to the audited financial statements of the City for a detailed description of the Defined Contribution Plan.

Other Post-Employment Benefits. The City does not currently offer other post-employment benefits than those set forth above. See Note 18 to the audited financial statements of the City.

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Demographic Information

Population. Set forth below is the population of the City for the census years 1980 through 2010 and an estimate for the year 2015 (the most recent information available)⁽¹⁾.

<u>Year</u>	<u>Population</u>
1980	4,780
1990	8,375
2000	11,421
2010	19,456
2015	20,459

⁽¹⁾ All 2015 estimates included in this Official Statement are based upon an estimate for the year 2015 produced by the U.S. Census Bureau, American Community Survey, 2015 Population Estimate
Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010 U.S. Census and U.S. Census Bureau, American Community Survey, 2015 Population Estimate.

Population By Age. The estimated median age of the City for the calendar year 2015 (the most recent information available) was 30.8 years. The following table presents the estimated population by age for the City for the calendar year 2015 (the most recent information available).

<u>Under 20 Years</u>	<u>20 to 44 Years</u>	<u>45 to 64 Years</u>	<u>65 Years and Over</u>
33.8%	36.1%	19.0%	11.1%

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates Program, 2011-2015.

Population by Race. The following table presents estimated population by race for the City for the calendar year 2015 (the most recent information available).

<u>Black or African American⁽¹⁾</u>	<u>White⁽¹⁾</u>	<u>American Indian and Alaska Native⁽¹⁾</u>	<u>Asian⁽¹⁾</u>	<u>Other⁽¹⁾</u>	<u>Two or More Races</u>	<u>Hispanic or Latino⁽²⁾</u>
83.7%	12.9%	0.8%	0.1%	1.7%	0.7%	4.9%

⁽¹⁾ Includes persons reporting only one race and therefore does not account for 100% of the population.

⁽²⁾ Hispanics may be of any race, so also are included in applicable race categories.

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates Program, 2011-2015.

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Level of Education. The following table presents the estimated level of education of the population 25 years and over for the City for the calendar year 2015 (the most recent information available).

Less than 9 th grade	6.5%
9 th to 12 grade, no diploma	7.6
High school graduate (including equivalency)	33.3
Some college, no degree	24.1
Associate degree	6.9
Bachelor's degree	15.3
Graduate or Professional degree	<u>6.4</u>
	<u>100.0%</u>
Percent high school graduate or higher	85.9%
Percent bachelor's degree or higher	21.7%

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates Program, 2011-2015.

Commuting Characteristics. The following table presents the estimated percentages of the City's population employed at jobs located within the County and those employed at jobs located outside of the County for the calendar year 2015 (the most recent information available).

Residents of the City Employed:

Inside the City	11.9%
Outside the City	88.1%

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates Program, 2011-2015.

Economic Information

The following information is provided to give prospective investors an overview of the general economic condition in the City. Where information related to the City is not available, information for the County has been provided instead. These statistics have not been adjusted to reflect economic trends and are not to be relied upon as a representation or guarantee of the City, the County or the Underwriter.

Per Capita Income. The following table reflects estimates of the per capita income for the City, the State of Georgia and the United States for the calendar years 2011 through 2015 (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2011	\$18,450	\$25,383	\$27,915
2012	18,415	25,309	28,051
2013	17,252	25,182	28,155
2014	16,484	25,427	28,555
2015	16,591	25,737	28,930

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015

Poverty Levels. The following table reflects an estimate of the percentage of all people in the City, the State and the United States with incomes lower than the poverty level for the past four calendar years (the most recent information available).

<u>Year</u>	<u>United States</u>	<u>Georgia</u>	<u>City</u>
2012	14.9%	17.4%	24.2%
2013	15.4	18.2	28.3
2014	15.6	18.5	27.1
2015	15.5	18.4	27.1

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015.

Household Income Distribution. The following table reflects the estimated income distribution of all households in the City for the calendar year 2015 (the most recent information available).

<u>Income</u>	<u>Percent of Population</u>
Less than \$10,000	11.4%
\$10,000 to \$14,999	12.7
\$15,000 to \$24,999	12.6
\$25,000 to \$34,999	13.3
\$35,000 to \$49,999	18.9
\$50,000 to \$74,999	18.2
\$75,000 to \$99,999	9.7
\$100,000 to \$149,999	2.2
\$150,000 to \$199,999	1.0
\$200,000 or more	0.0
	<u>100.0%</u>

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2011-2015.

Median Home Values. The following table reflects the median home value of owner occupied housing for the City, the State and the United States for the 1980, 1990 and 2000 census years and an estimate for the calendar year 2015 (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State of Georgia</u>	<u>United States</u>
1980	\$ 28,800	\$ 36,900	\$ 47,200
1990	57,100	71,300	79,100
2000	79,200	111,200	119,600
2015	90,900	148,100	178,600

Source: U.S. Census Bureau, 1980, 1990 and 2000 U.S. Census and U.S. Census Bureau, American Community Survey, 5-Year Estimates Program, 2011-2015.

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Building Permits Summary. The following table reflects the number and aggregate dollar value of commercial and residential building permits issued in the City for the last five full fiscal years. Permits are categorized between commercial and residential, with each category including new construction, additions, alterations and conversions. The dollar value is based on an estimate of the value of the new construction or alternation submitted by the permit applicant. For presentation purposes, permits issued for mobile homes, single family homes and multifamily homes are included in the residential totals. All other permits are included in the commercial totals.

<u>Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Total</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2012	51	\$16,671,916	29	\$ 329,546	80	\$ 17,001,462
2013	48	28,193,495	179	4,955,960	227	33,149,455
2014	74	39,837,122	114	21,202,978	188	61,040,100
2015 ⁽¹⁾	60	81,856,582	126	89,507,414	186	171,363,996
2016 ⁽²⁾	198	43,939,146	211	54,410,221	409	98,349,367

⁽¹⁾ The 2015 permit values are high because many industrial buildings were built within the City that year.

⁽²⁾ The 2016 permit numbers issued are high because the industrial buildings required numerous trade permits to become fully functional. In addition, there was an increase in residential remodeling and tenant buildout permits.

Source: City of Union City.

Banking Deposits. The following table sets forth the number of banking institutions and the total banking deposits (in thousands) for all FDIC-insured institutions in the City for the last five fiscal years ended June 30 (the most current information available).

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2012	7	\$130,397
2013	6	108,054
2014	6	110,335
2015	6	116,912
2016	6	124,379

Source: Federal Depository Insurance Corporation.

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Largest Employers. Set forth below are the ten largest private employers located in the City as of August 31, 2016. The type of business and the approximate number of employees are shown in the table. There can be no assurance that any employer listed below will continue to operate or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below. A substantial number of the City's residents are employed at workplaces located outside of the City. See "THE CITY – Demographic Information – Commuting Characteristics."

	<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
1.	Walmart Inc.	Retail Goods	550
2.	Kraft Foods	Manufacturing	335
3.	Premier Club Apartments	Apartments	251
4.	Amazon	Supply Chain	246
5.	Christian City Retirement Center	Retirement Home	236
6.	Newell Rubbermaid Inc.	Manufacturing	219
7.	Atlanta Check Cashing	Financial Services	190
8.	The Kroger Co.	Grocery Store	172
9.	Universal Forest Products	Manufacturing	162
10.	GE Energy Parts	Manufacturing	140

Source: City of Union City.

Labor Statistics. Set forth below are labor statistics for the County, the State and the United States for the past five calendar years and for the month of December 2016. Comparable information for the City is not available.

<u>Year</u>	<u>County Labor Force</u>	<u>County Unemployment Rate</u>	<u>State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2011	427,145	8.7%	10.2%	8.9%
2012	434,220	7.7	9.2	8.1
2013	438,545	6.9	8.2	7.4
2014	444,407	6.0	7.1	6.2
2015	449,411	5.1	5.9	5.3
2016	467,706	4.7	5.2	4.5

Source: Georgia Department of Labor.

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Industry Mix. The following table sets forth an estimate of the industry mix and the average number of employees employed in the indicated industry within the County for the third quarter of 2016 (the most current information available) based on the Quarterly Census of Wages and Employment Program conducted by the Georgia Department of Labor. The estimates include persons employed in the indicated industry within the County regardless of where they reside (and thus reflect a total labor force greater than the County's total labor force). The table does not provide information with respect to all industries and firms doing business within the County. Comparable information for the City is not available.

<u>Industry</u> ⁽¹⁾	<u>Number of Firms</u>	<u>Number of Employees</u>
Goods Producing:		
Agriculture, Forestry, Fishing & Hunting	41	188
Mining, Quarrying, Oil and Gas Extraction	10	346
Construction	1,767	19,243
Manufacturing	1,004	29,361
Service Providing:		
Utilities	56	3,187
Wholesale Trade	3,016	38,975
Retail Trade	3,694	60,611
Transportation and Warehousing	887	40,770
Information	1,337	49,799
Finance and Insurance	3,042	51,024
Real Estate and Rental and Leasing	2,733	21,501
Professional, Scientific and Technical Services	9,292	95,730
Management of Companies and Enterprises	394	19,646
Admin. Support, Waste Mgmt., Remediation	3,133	77,873
Educational Services	709	15,792
Health Care and Social Assistance	4,142	85,618
Arts, Entertainment and Recreation	688	16,434
Accommodation and Food Services	3,531	81,373
Other Services, Except Public Administration	<u>3,919</u>	<u>23,634</u>
Government:		
Federal	199	24,618
State	179	29,661
Local	<u>250</u>	<u>41,829</u>
ALL INDUSTRIES	<u>47,296</u>	<u>830,409</u>

⁽¹⁾ These data use the North American Industrial Classification System (NAICS) categories (as opposed to Standing Industrial Classification (SIC) Categories).

Source: Georgia Department of Labor.

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Category of Land Use. The following table reflects the categories of land use in the City for the calendar year 2016.

<u>Land Type</u>	<u>Percentage⁽¹⁾</u>
Residential	61.02%
Conservation Use	3.41
Commercial	25.76
Industrial	<u>9.81</u>
TOTAL	<u>100.00%</u>

⁽¹⁾ Percentages are based on the number of acres.

Source: Fulton County Tax Commissioner, Consolidated Digest, Calendar Year 2016.

City Services

The City provides water services to all of the developed areas of the City and a small area in unincorporated Fulton County. The City provides sewer services to most of the areas within the City. The City provides fire and police protection services to its citizens, and the City's public works department provide construction and maintenance of road and bridges infrastructure, traffic signal controls and ground maintenance of public right of ways. In addition, the City maintains two recreational parks and one community center in addition to the one being contemplated by this Official Statement.

Education

Local Schools. The residents of the City are served by the Fulton County School System (the "School System"), which is responsible for approximately 96,500 students throughout the entire County. The School System employs more than 10,500 full-time employees, including more than 7,500 teachers and other certified personnel. The School System was granted a charter to operate as a charter school system on July 1, 2012. The School System has received district accreditation by the Southern Association of Colleges and Schools, Council on Accreditation and School Improvement. The School System's facilities located within the City consist of two elementary schools, one middle school and two high schools.

There are multiple private schools that provide primary and secondary education located throughout the County. In addition, a charter school that operates in a nearby city and multiple charter schools are located throughout the County. Neither the City nor the Underwriter has undertaken any responsibility to verify the accuracy of the information provided on the School System's website.

Higher Education. Due to the City's location in Fulton County and its proximity to the City of Atlanta, residents of the County have convenient access to higher education opportunities throughout the State of Georgia, including in particular a wide array of public and private universities and technical and vocational schools located in the City of Atlanta.

Healthcare

Christian City Rehabilitation Center is a 500-acre campus located within the City that provides a broad range of services to children and seniors, including a nursing and rehabilitation center. Several clinics, medical centers and physician's practices are located within the City. Piedmont Fayette Hospital, a 221-bed community hospital affiliated with the Piedmont Healthcare system, is located in nearby Fayetteville. Southern Regional Medical Center, a network member of Emory Healthcare, is a 331-bed full-service hospital located in nearby Riverdale. City residents also have access to a plethora of general and specialized healthcare located in nearby Atlanta.

CITY DEBT STRUCTURE

Summary of City Direct and Overlapping Debt by Category

The following table sets forth the outstanding tax-supported debt of the City and certain overlapping governmental entities and assumes the issuance of the Bonds. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others. The information set forth below should be read in conjunction with the City's audited financial statements included as Appendix A and the notes thereto.

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percent of Outstanding Debt Chargeable to Property in City</u>	<u>Amount of Outstanding Debt Applicable to City</u>
Direct:			
General Obligation Bonds ⁽¹⁾	\$12,800,000	100%	\$12,800,000
Intergovernmental Contracts ⁽²⁾			
South Fulton Municipal Jail Authority	12,150,000	100%	12,150,000
South Fulton Municipal Regional Water and Sewer Authority	32,125,000	100% ⁽³⁾	32,125,000
Capital Leases ⁽⁴⁾	<u>1,089,983</u>	100%	<u>1,089,983</u>
Total Direct	\$58,164,983		\$58,164,983
Overlapping Entities ⁽⁵⁾ :			
Fulton County:			
General Obligation Bonds	\$247,010,000	2.04%	\$5,039,004
Capital Leases	119,964,852	2.04%	2,447,283
Intergovernmental Contracts	<u>284,054,693</u>	2.04%	<u>5,794,716</u>
Total Fulton County	\$651,029,545		\$13,281,003
Fulton County School District			
General Obligation Bonds	55,870,000	2.04%	1,139,748
Capital Leases	<u>26,132,333</u>	2.04%	<u>533,100</u>
Total Fulton County School District	\$82,002,333		\$1,672,848
Total Overlapping	<u>\$733,031,878</u>		<u>\$14,953,851</u>
Total Direct and Overlapping	<u>\$791,196,861</u>		<u>\$73,118,834</u>

⁽¹⁾ General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged and constitute debt for purposes of a constitutional debt limit of 10% of the assessed value of property subject to taxation for general obligation general obligation bond purposes.

⁽²⁾ The obligations under intergovernmental contracts are general obligations of the governmental entity to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. Excludes GEFA and SRF loans.

⁽³⁾ Pursuant to an intergovernmental agreement between the City, the City of Fairburn, Georgia and the City of Palmetto, Georgia and the South Fulton Municipal Regional Water and Sewer Authority, the City has obligated itself to use its full taxing powers to pay its percentage share of the debt service on the bonds. Although the City will most likely not be liable for the full amount of the debt service on the bonds, for purposes of the above table, the full amount has been assumed. See "CITY FINANCIAL INFORMATION – South Fulton Regional Municipal Water and Sewer Authority."

⁽⁴⁾ This figure represents \$805,000 in outstanding debt from the City's Certificates of Participation, Series 2010 and \$284,983 in outstanding debt in capital leases. In addition, the financial obligations under the capital leases do not constitute general obligations of the governmental entity to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the governmental entity to pay the capital lease payments due in each year. The governmental entity's obligations under the capital leases are from year to year only and do not constitute mandatory payment obligations of the governmental entity in any year in which funds are not appropriated by the governmental entity to pay the capital lease payments due in such year. Capital leases do not constitute debt for purposes of the constitutional debt limit, but are subject to a similar statutory debt limit.

⁽⁵⁾ The percentage of the County's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City by the gross assessed valuation of property in the County. Based on 2016 tax digest.

Tax Supported Debt Ratios

The following table sets forth certain tax-supported debt ratios assuming the issuance of the Bonds.

	<u>Direct Debt</u>	<u>Overlapping Debt</u>	<u>Total Tax Supported Debt</u>
Per Capita Debt ⁽¹⁾	\$2,790	\$717	\$3,507
Percentage of Gross Tax Digest ⁽²⁾	4.81%	1.24%	6.05%
Percentage of Estimated Fair Market Value ⁽³⁾	2.78%	0.71%	3.49%

(1) Based upon 2015 estimated population figure of 20,850.

(2) Based upon 2016 Gross Tax Digest of \$1,209,370,187.

(3) Based on 2016 estimated actual fair market value of \$2,093,423,578.

Limitations on City Debt

General Obligation Debt. The Constitution of the State of Georgia provides that the City may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of such governmental entity voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City and the other governmental entities within the City may not incur long-term obligations payable out of general property taxes in excess of ten percent of the assessed value of all taxable property within such governmental entity.

As computed in the table below, based upon its 2016 net bond digest and after issuance of the Bonds, the City could incur (upon necessary voter approval) approximately \$49,921,512 of additional long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

2016 Net Bond Digest	\$634,065,122
Debt Limit (10% of Assessed Value)	63,406,512
Amount of Debt Applicable to Debt Limit	<u>12,800,000</u>
Legal Debt Margin	<u>\$ 50,606,512</u>

Other Debt. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation and intergovernmental obligations are not subject to the legal limitations described above. However, lease and installment purchase obligations are subject to certain limitations.

Georgia law provides that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

(a) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special County one percent sales and use tax proceeds collected; or

(b) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

Proposed Debt

The City does not anticipate issuing any long-term tax-supported debt within the next three years.

CITY AD VALOREM TAXATION

Introduction

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied on the assessed value of real and personal property within the City limits. There are, however, certain classes of property which are exempt from taxation, including the following: (a) public property, (b) places of burial, (c) places of religious worship, (d) property owned by religious groups and used only for single-family residences, (e) property of nonprofit hospitals used in connection with patient care, the delivery of healthcare services or training or educating physicians, nurses and other health care personnel, (f) buildings erected for and used as a college, incorporated academy or other seminary of learning, (g) funds or property held or used as endowment by colleges, nonprofit hospitals, incorporated academies or other seminaries of learning when the funds or property are not invested in real estate, (h) real and personal property of public libraries and literary associations, (i) all books, philosophical apparatus, paintings and statuary of any company or association which are kept in a public hall and which are not held as merchandise or for purposes of sale or gain, (j) certain air or water pollution control property, (k) property of a nonprofit home for the aged used in connection with the provision of residential or health care services for the aged, (l) property of any nonprofit home for the mentally disabled used in connection with the provision of residential or healthcare services for the mentally disabled, (m) property which is owned by and used exclusively as the headquarters, post home or similar facility of a veterans organization, (n) property which is owned by and used exclusively by any veterans organization organized for the purpose of refurbishing and operating historic military aircraft, (o) property that is owned by a historical fraternal benefit association and which is used exclusively for charitable, fraternal and benevolent purposes, (p) certain qualified farm products and harvested agricultural products, (q) personal property used within the home, (r) certain other personal property including personal property valued at less than \$7,500 and (s) certain fertilizers.

Cities and counties are not permitted under Georgia law to reduce or abate a company's property taxes. When a community wants to offer economic incentives to a company in order to create or retain jobs, the company's property is transferred to a development authority and leased back to the company. The authority's fee ownership interest in the property becomes "public property" exempt from ad valorem taxation as described above. The company may or may not be taxed on the value of its leasehold interest. The City does not have control over the willingness of the Fulton County Development Authority to accept title to property in order to provide economic incentives. Therefore, property could be removed from the City's digest without the City's consent.

For purposes of reducing the burden of ad valorem taxation on property owned and occupied by a taxpayer as his or her legal residence, Georgia general law grants several types of homestead exemptions. In addition, the City, by virtue of a local law, offers additional homestead exemptions, including: (a) a \$2,000 exemption for City ad valorem taxation purposes for all homeowners who are legally disabled if his or her adjusted gross income, together with the adjusted gross income of his or her spouse, does not exceed \$8,000 for the immediately preceding tax year for income purposes; (b) a \$4,000 exemption for residents 65 years or older with an annual income of \$8,000 or less; and (c) a \$25,000 exemption for from all ad valorem municipal taxes, except any ad valorem property taxes to pay interest on and retire bonded indebtedness, for all homeowners who are 65 years of age or older. The value of a homestead (if any) in excess of an exempted amount remains subject to ad valorem property taxation.

The City is authorized by law to exempt from ad valorem taxation, including all such taxes levied for educational purposes and for state purposes, all or any combination of the following types of tangible personal property (a) (i) inventories of goods in the process of manufacture or production, (ii) inventory of finished goods

manufactured or produced in Georgia held by the manufacturer or producer for a period not to exceed 12 months, (iii) inventory of finished goods which, on January 1, are stored in a warehouse, dock or wharf and which are destined for shipment to a final destination outside of Georgia and inventory of finished goods which are shipped into Georgia from outside of Georgia and stored for the transshipment to a final destination outside of Georgia for a period not to exceed 12 months and (iv) stock in trade of a fulfillment center which, on January 1, are stored in a fulfillment center and which are made available to remote purchasers who may make such purchases by electronic, Internet, telephonic or other remote means and where such stock in trade of a fulfillment center will be shipped from the fulfillment center and delivered to the purchaser at a location other than the location of the fulfillment center for a period not to exceed 12 months (the “Level 1 Freeport Exemption”) and (b) goods, wares and merchandise of every character and kind constitution business inventory which would not otherwise qualify for the Level 1 Freeport Exemption (the “Level 2 Freeport Exemption”). Both the Level 1 Freeport Exemption and the Level 2 Freeport Exemption must be approved by the voters and exempt either 20%, 40%, 60%, 80% or 100% of the property. The Level 2 Freeport Exemption may be granted either in lieu of or in addition to Level 1 Freeport Exemption. Once approved by the voters, the Level 1 Freeport Exemption and the Level 2 Freeport Exemption remain in effect until they are repealed by the voters. The City has approved items (i) – (iii) of the Level 1 Freeport Exemption at a 100% level and item (iv) of the Level 1 Freeport Exemption at a 40% level. The City has not approved the Level 2 Freeport Exemption.

Motor Vehicles

HB 386 eliminated the ad valorem taxation of vehicles and replaced it with a one-time title tax (the “Title Tax”) that is levied whenever the title to a vehicle is registered to a new owner (except if a transfer is made between immediate family members). The Title Tax is based upon the value of the vehicle and will be levied at a rate of 7.0% in 2017. The rate may be adjusted in future years; provided, however, the rate may not exceed 9%. The revenues will be shared among the State and local governments by formula.

Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their “current use value” (as opposed to fair market value). Standing timber is assessed at 100% of its fair market value.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the City to the Fulton County Board of Tax Assessors. The Fulton County Board of Tax Assessors is required to receive the tax returns of the City by April 1 of each year. The Fulton County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Fulton County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the City, which bills these taxes to the utilities.

Annual Tax Levy

Generally. The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues. The City then levies its ad valorem property taxes.

Under State law there is no limitation on the annual rate of levy for payment of either general government operations or principal and interest on bonded indebtedness of the City. Ad valorem taxes received for the payment of debt service on the general obligation bonds of the City are required to be held and accounted for separately from other funds of the City.

Procedural Requirements. Effective January 1, 2000, the General Assembly of the State of Georgia enacted Senate Bill 177, Act 431, known as The Property Taxpayer's Bill of Rights (the "Taxpayer's Act"). The purpose of the Taxpayer's Act was to prevent indirect tax increases resulting from increases to existing property values due purely to inflation. The Taxpayer's Act requires that each taxing jurisdiction located within the State (including local governments, such as the City), roll back (or reduce) the millage rate in each year to offset any inflationary increases in the tax digest of such taxing jurisdiction that have occurred since the last tax year. Any local government or taxing jurisdiction that elects to set the millage rate higher than the rollback rate must follow certain requirements to notify the public of such increase, including three public hearings, the publication of a notice of the increase in the local newspaper and the publication of a press release to explain the intent of the increase in taxes. The Taxpayer's Act also requires that the notice of assessment sent to any taxpayer who receives a 15% increase or greater in their property value contains a simple, non-technical description of the basis for the increased assessment and permits taxpayers to have access to records used in preparing the increased assessment and to record any meetings or hearings held in connection with an appeal of their property tax assessment. The Taxpayer's Act also entitles any taxpayer who wins an appeal by demonstrating a property value that is 85% or less than the proposed assessed value (80% for commercial property) to recover litigation costs and reasonable attorney's fees.

Impact of Foreclosures on Assessment Procedures. In 2009, the Georgia legislature enacted Senate Bill 55, codified as Official Code of Georgia Annotated, Section 48-5-2, which requires county tax assessors to consider foreclosure sales, bank sales, sales by other financial institutions, distressed sales and the decreased value of property subject to conservation easements in determining the fair market value of real property. In addition, Senate Bill 55 modifies the time that applications for conservation use assessments may be filed.

Property Tax Collections

The City bills and collects its own property taxes. Real and personal property taxes, except motor vehicle taxes, are levied on or about September 15 of each year on the assessed value listed as of January 1. Taxes levied by the City on or about September 15 of each year are mailed during September with a due date of November 15. An interest penalty of 1% per month applies to taxes paid after deadline.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed. The lien normally becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, an execution for nonpayment of taxes may be issued. A notice of the sale is then published in a local newspaper weekly for four weeks and gives the taxpayer ten

days written notice by registered or certified mail. A public sale of the property may then be made by third-party vendor at City Hall on the first Tuesday of the month after the required notices are given.

Property Tax Millage Rates

The following table sets forth the millage rate (*i.e.*, the tax rates per \$1,000 of assessed value) of the various taxing entities located within the City (including the City itself) for the calendar years 2012 through 2016 (the most recent information available). Excludes taxes levied within a Community Improvement District which only applies to five parcels within the City.

<u>Calendar Year</u> ⁽¹⁾	<u>State</u>	<u>City</u>	<u>County</u>	<u>School</u>	<u>Total</u>
2012	0.200	10.599	10.551	18.502	39.852
2013	0.150	15.598 ⁽²⁾	10.481	18.502	44.731
2014	0.100	15.692	12.051	18.502	46.345
2015	0.050	15.692	10.750	18.502	44.994
2016	0.000	15.692	10.700	18.483	44.875

⁽¹⁾ Relates to the next succeeding fiscal year. For example, the 2012 digest and millage rates are used for the fiscal year 2013 levy.

⁽²⁾ A portion of the City's increased millage rate in calendar year 2013 will be applied to pay debt service on certain obligations issued by the South Fulton Municipal Jail Authority and guaranteed by the City. See "CITY FINANCIAL INFORMATION – South Fulton Municipal Jail Authority."

Source: Georgia Department of Revenue.

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Ad Valorem Property Tax Digest

The property tax digest of the City for the last five calendar years are set forth below.

<u>Property Type⁽¹⁾</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	\$ 149,003,080	\$ 137,539,300	\$ 133,981,750	\$ 158,076,440	\$ 164,793,910
Agricultural	39,680	38,760	23,320	23,960	23,960
Conservation Use	283,400	273,400	688,160	725,840	725,840
Commercial	509,734,270	497,387,250	513,997,060	491,886,960	664,872,031
Industrial	129,932,260	117,074,590	125,300,960	158,420,930	147,898,140
Utility	6,754,886	6,905,395	7,116,549	7,250,890	6,870,151
Motor Vehicle	26,687,160	27,653,800	21,982,160	14,538,020	10,305,160
Mobile Home	522,313	451,459	410,129	407,647	379,736
Timber 100%	—	—	—	—	—
Heavy Equipment	—	—	7,998	—	—
Gross Digest	<u>822,957,049</u>	<u>787,323,954</u>	<u>803,508,086</u>	<u>831,330,687</u>	<u>995,868,928</u>
M&O Exemptions	<u>275,729,383</u>	<u>281,025,917</u>	<u>316,224,970</u>	<u>276,721,139</u>	<u>372,000,756</u>
Net M&O Digest	<u>\$ 547,227,666</u>	<u>\$ 506,298,037</u>	<u>\$ 487,283,116</u>	<u>\$ 554,609,548</u>	<u>\$ 623,868,172</u>
Bond Exemptions	<u>275,729,383</u>	<u>281,025,917</u>	<u>307,937,075</u>	<u>268,433,244</u>	<u>361,803,806</u>
Net Bond Digest	<u>\$ 547,227,666</u>	<u>\$ 506,298,037</u>	<u>\$ 495,571,011</u>	<u>\$ 562,897,443</u>	<u>\$ 634,065,122</u>
Estimated Actual Value	\$2,057,392,623	\$1,968,309,885	\$ 2,008,770,215	\$ 2,078,326,718	\$ 2,489,672,320

(1) Most real property other than timber is assessed at 40% of its fair market value. Standing timber is assessed at 100% of its fair market value and is subject to taxation even if the underlying land is exempt from taxation. Conservation Use and Forest Land Conservation Use property is assessed at its current use value rather than fair market value. Preferential Agricultural property is assessed at 30% of its fair market value.

Source: Georgia Department of Revenue, Consolidated Digest Summary Sheets, 2012-2016.

According to the 2016 tax digest, the City had approximately \$57,405,650 in assessed value of exempt property. See "Property Subject to Taxation."

Tax Collections

The following table sets forth the real and personal property tax levy and collection record of the City for the last four fiscal years and the current fiscal year.

<u>Fiscal Year Ended August 31</u>	<u>Total Tax Levy for Fiscal Year⁽¹⁾</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years⁽³⁾</u>	<u>Total Collections to Date</u>	
		<u>Amount⁽²⁾</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013	\$4,904,416	\$4,278,118	87.23%	\$581,341	\$4,859,459	99.08%
2014	6,957,700	6,204,081	89.17	699,518	6,903,599	99.22
2015	7,010,145	6,811,199	97.16	128,009	6,939,208	98.99
2016	8,169,474	7,390,138	90.46	659,596	8,049,735	98.53
2017	9,232,548	7,772,333	84.18	17,216	7,789,548	84.37

(1) Represents taxes levied for real and personal property and utilities only (excludes motor vehicles and mobile homes). Relates to preceding calendar year tax digest and millage rates. For example, the 2012 digest and millage rates are used for the fiscal year 2013 levy. Includes adjustments made from the original levy.

(2) Collections within that fiscal year. Excludes collections from prior levies.

(3) Collections through February 28, 2017.

Source: Office of the Finance Director, City of Union City.

Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the City for the fiscal year ended August 31, 2016, based upon the assessed valuation of property within the City. A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the City. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City.

<u>Taxpayer</u>	<u>2016 Assessed Valuation⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
1. Google Inc. ⁽²⁾	\$37,677,980	6.48%
2. Walmart Stores Inc.	32,016,908	5.51
3. 4475 South Fulton Parkway Warehouse ⁽³⁾	25,657,224	4.42
4. Dendreon Pharmaceuticals Inc.	14,210,033	2.45
5. Hunter Road Industrial LLC	12,365,150	2.13
6. Kraft Foods	12,215,040	2.10
7. South Fulton Parkway LLC	8,659,520	1.49
8. Northwestern Mutual Life	8,327,480	1.43
9. Proctor and Gamble	7,943,080	1.37
10. USEF I 85 Distribution Center	<u>7,800,000</u>	<u>1.34</u>
TOTAL	<u>\$166,872,415</u>	<u>25.61%</u>

⁽¹⁾ Relates to preceding calendar year tax digest and millage rates. For example, the 2012 digest and millage rates are used for the fiscal year 2013 levy.

⁽²⁾ Although Google was originally assessed at \$251,179,239, the Freeport Exemptions adopted by the City reduced the assessed valuation to \$37,677,980. See "CITY AD VALOREM TAXATION – Property Subject to Taxation."

⁽³⁾ The Development Authority of Fulton County owns the warehouse located at 4475 South Fulton Parkway, Atlanta, Georgia 30349 and five companies sublease space in the warehouse: American Building Supply, Inc.; Saddle Creek Corp.; Lifescience Logistics; Newell Rubbermaid, Inc.; and Big Heart Pet Brands (formerly known as Del Monte). The five companies are assessed collectively; individual breakouts for each company are not available.

Source: City of Union City.

CITY FINANCIAL INFORMATION

Accounting Policies

See Note 1 of the audited financial statements of the City for a detailed description of the City's significant accounting policies. The City does not currently have formal accounting policies and procedures but is in the process of formalizing them and has a plan in place to implement such policies and procedures.

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Five Year General Fund History

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the five most recent fiscal years. The information in the following tables for the fiscal years ended August 31, 2012 through 2016 has been extracted from audited financial statements of the City. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the years shown. For more complete information, reference is made to the City's audited financial statements, copies of which are available from the City upon request.

<u>General Fund History</u>					
Revenues:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Property Taxes	\$ 5,571,360	\$ 5,650,963	\$ 7,315,208	\$ 8,069,214	\$ 8,751,035
Other Taxes	3,940,120	4,004,081	5,531,725	6,126,930	6,222,523
Charges for Services	260,825	236,957	206,692	215,312	232,313
Licenses and Permits	1,439,821	1,632,620	1,778,056	2,038,210	2,252,917
Intergovernmental	—	—	35,175	—	—
Franchise Taxes	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897
Fines and Forfeitures	1,404,660	1,134,879	890,810	642,156	730,864
Interest Revenue	13,034	5,006	13,251	12,669	32,608
Rental Income	13,785	20,425	18,870	20,311	18,346
Other revenues	15,861	94,147	91,184	60,474	100,350
Total revenues:	<u>13,866,062</u>	<u>13,937,596</u>	<u>17,067,049</u>	<u>18,386,208</u>	<u>19,705,853</u>
Expenditures:					
Current:					
General government	2,137,715	2,050,824	1,927,849	2,152,585	2,582,460
Judicial	377,543	360,126	341,796	298,711	357,346
Public safety	8,483,560	8,195,489	8,082,003	7,887,639	8,514,937
Public works	1,574,058	1,390,823	1,321,698	1,402,803	1,328,545
Parks and Recreation	338,913	368,894	374,883	359,452	384,182
Planning and economic development	522,024	550,874	737,106	700,296	568,073
Debt Service:					
Principal	493,395	579,808	589,333	85,580	88,601
Interest	21,377	36,753	30,404	16,210	13,189
Total expenditures:	<u>13,948,585</u>	<u>13,533,591</u>	<u>13,405,072</u>	<u>12,903,276</u>	<u>13,837,333</u>
Revenues over (under) expenditures	<u>(82,523)</u>	<u>404,005</u>	<u>3,661,977</u>	<u>5,482,932</u>	<u>5,868,520</u>
Other financing sources (uses)					
Transfers from other funds ⁽¹⁾	589,000	938,000	946,627	530,847	587,165
Transfers to other funds ⁽²⁾	(2,365,516)	(2,236,200)	(2,349,628)	(2,400,518)	(2,858,514)
Total other financing sources (uses)	<u>(1,776,516)</u>	<u>(1,298,200)</u>	<u>(1,403,001)</u>	<u>(1,869,671)</u>	<u>(2,271,349)</u>
Net change in fund balances	<u>(1,859,039)</u>	<u>(894,195)</u>	<u>2,258,976</u>	<u>3,613,261</u>	<u>3,597,171</u>
Fund balance, beginning of year	<u>3,707,430</u>	<u>1,848,391</u>	<u>954,196</u>	<u>3,213,172</u>	<u>6,826,433</u>
Fund balance, end of year	<u>\$ 1,848,391</u>	<u>\$ 954,196</u>	<u>\$ 3,213,172</u>	<u>\$ 6,826,433</u>	<u>\$10,423,604</u>

(1) Transfers from other funds consisted primarily of transfers from the City's Water and Sewer Fund, Sanitation Fund, Stormwater Fund, Hotel/Motel Fund and Motor Vehicle Fund.

(2) Transfers out consisted primarily of transfers to the City's E911 Fund and the City's Capital Improvement Fund.

Unaudited Interim General Fund Information

Set forth below is the unaudited summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the five month periods ended January 31, 2016 and 2017. The information in the following table has been extracted from the unaudited financial statements of the City and is not necessarily indicative of the actual financial results for the fiscal year ended August 31, 2016 or for the fiscal year ending August 31, 2017. Although taken from unaudited financial statements, no representation is made that the information is comparable from year to year with the audited financial information presented in the above table, or that the information as shown taken by itself presents fairly the financial condition of the City for the period shown.

	<u>Five Months Ended January 31,</u>	
	<u>2016⁽¹⁾</u>	<u>2017⁽¹⁾</u>
Revenues:		
Non Departmental	\$ 584.00	\$ 0.00
Finance	11,604,358.52	12,236,049.52
Human Resources	0.00	0.00
Municipal Court	266,660.29	192,524.06
Police	21,563.20	22,948.71
Fire Department	8,990.00	22,540.80
Recreation	15,173.00	24,872.29
Community Development	221,083.45	273,435.79
Total Revenues:	<u>\$12,138,412.46</u>	<u>\$12,772,371.17</u>
Expenditures:		
City Council	\$ 79,175.64	\$ 97,944.76
City Manager	120,146.69	143,272.23
General Operations	436,061.42	504,131.63
Finance	239,649.24	283,338.69
Legal Services	60,050.41	83,593.87
Human Resources	96,649.58	112,050.71
Facilities and Building	17,193.74	21,043.97
City Clerk	66,102.22	91,709.08
Municipal Court	153,058.48	155,398.33
Police	1,924,884.51	2,163,594.17
Fire Department	1,528,454.46	1,707,058.03
Public Services	517,456.10	587,129.13
Recreation	154,132.79	178,116.66
Community Development	204,363.73	195,256.67
Total Expenditures:	<u>\$5,597,379.01</u>	<u>\$6,323,637.93</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$6,541,033.45</u>	<u>\$6,448,733.24</u>
Other Financing Sources (Uses)		
Transfers in	\$0.00	\$70,059.91
Transfers out	0.00	0.00
Total Other Financing Sources (Uses)	<u>\$0.00</u>	<u>\$70,059.91</u>
Net change in fund balances	\$6,541,033.45	\$6,518,793.15

⁽¹⁾ Unaudited cash basis.

Budgetary Process

See Note 1(D) of the audited financial statements of the City for a detailed description of the budgetary process.

Budget

Georgia law requires each municipality to operate under an annual balanced budget adopted by ordinance or resolution. A budget ordinance or resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The City adopts annual appropriated budgets for the general fund and special revenue funds. Formal budgetary integration is employed as a management control device during the year for the general fund and the proprietary funds.

Prior to August 31 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means for financing them. A public hearing is then conducted in the City to obtain taxpayer comments on the proposed budget. The budget is legally enacted prior to September 1 through passage of an ordinance by the City Council. Budget amendments and transfers between funds must be authorized and approved by the City Council through a budget revision.

General Fund Budget for the Fiscal Year Ending August 31, 2017 (Cash Basis of Accounting)

Revenues:	
Property taxes	\$ 7,550,000
Other taxes	2,095,000
Local Option Sales Tax	5,050,000
Franchise taxes	1,328,500
Fines and forfeitures	805,000
Other revenues	<u>1,907,300</u>
Total revenues:	<u>\$18,735,800</u>
Expenditures:	
General government	\$ 3,707,413
Judicial	200,000
Public safety	9,420,200
Public works	1,561,807
Parks and recreation	554,190
Planning/Economic development	<u>638,628</u>
Total expenditures:	<u>\$16,082,238</u>
Revenues over (under) expenditures	<u>\$ 2,653,562</u>
Other financing sources (uses)	
Transfers from other funds ⁽¹⁾	584,001
Transfers to other funds ⁽²⁾	<u>(3,237,563)</u>
Total other financing sources (uses)	<u>(2,653,562)</u>
Net change in fund balances	<u>\$ 0.00</u>

⁽¹⁾ Transfers in consist of transfers from the Sanitation Fund, the Stormwater Fund, the Hotel/Motel Fund and the Motor Vehicle Fund.

⁽²⁾ Transfers out consist of transfers to the E911 Fund, the Water and Sewer Fund and the City's Capital Improvement Fund.

South Fulton Municipal Jail Authority

In 1996, the City and the City of Palmetto created the South Fulton Municipal Jail Authority (the “Jail Authority”) pursuant to activating ordinances of the two cities. The Jail Authority is responsible for operations of the South Fulton Municipal Regional Justice Center (the “Jail Facility”), which provides services to the City as well as other municipalities and governmental agencies in the geographic area. The Board of Directors of the Jail Authority consists of five members, three of which are appointed by the City.

In 1997, the Jail Authority issued its \$12,590,000 Jail Revenue Bonds, Series 1997 (the “Series 1997 Bonds”), for the purpose of (i) financing the acquisition, construction and installation of the Jail Facility, (ii) paying the premium for the financial guaranty insurance policy, (iii) funding certain reserve accounts and the sinking fund account and (iv) paying the costs of issuing the Series 1997 Bonds. In 1999, the Jail Authority issued its \$12,475,000 Taxable Adjustable Mode Revenue Bonds (Union City Justice Center Project), Series 1999 (the “Series 1999 Bonds”), for the purpose of (i) advance refunding its outstanding Series 1997 Bonds, (ii) paying certain costs of issuing the Series 1997 Bonds and (iii) paying the premium for a financial guaranty insurance policy. In 2008, the Jail Authority issued its \$8,660,000 Taxable Refunding Revenue Bond, Series 2008 (the “Series 2008 Bond”), for the purpose of (i) refunding the Jail Authority’s Series 1999 Bonds and (ii) paying the costs of issuing the Series 2008 Bonds. In 2012, the Jail Authority issued its \$13,350,000 Taxable Refunding Revenue Bonds, Series 2012 (the “Series 2012 Bonds”), for the purpose of (i) refunding the Series 2008 Bond, (ii) paying certain operating costs of the Jail Facility and (iii) paying the costs of issuing the Series 2012 Bonds.

The Jail Authority’s total outstanding bonded indebtedness of \$12,455,000 as of August 31, 2016 is backed by the full faith and credit of the City pursuant to an intergovernmental agreement between the City and the Jail Authority, with debt service payments averaging \$1,002,132 per year for the next 18 years. The City has increased its millage rate in order to provide for these debt service payments.

The City is currently leasing the Jail Facility to Fulton County, Georgia (the “County”) on a short-term basis for \$168,750 a month. However, the City is in negotiations with the County to either enter into a long-term lease with the County or to sell the Jail Facility to the County by way of a lease-purchase transaction. In either scenario, the City anticipates receiving monies sufficient to cover the debt service on the Series 2012 Bonds. However, there can be no assurances that either the long-term lease or the sale will be consummated or that the monies received will be sufficient to cover the debt service on the Series 2012 Bonds. In such case, the City would remain liable for the bonded indebtedness on the Series 2012 Bonds.

South Fulton Municipal Regional Water and Sewer Authority

In 2001, the City, the City of Fairburn and the City of Palmetto (collectively, the “Cities”) created by joint resolutions the South Fulton Municipal Regional Water and Sewer Authority (the “Water and Sewer Authority”) to provide alternative water and sewer resources for the Cities (the “Water and Sewer Project”). The affairs of the Water and Sewer Authority are conducted by its seven members, consisting of (i) the chief elected officials of each of the Cities, (ii) three members appointed by the governing authority of the Cities (one member appointed by each City) and (iii) one member selected by a majority vote of the members of the Georgia General Assembly, whose legislative districts include all or any part of any of the Cities.

In 2003, the Water and Sewer Authority issued its \$41,630,000 Water Revenue Bonds, Series 2003 (the “Series 2003 Bonds”), for the purpose of (i) financing the acquisition, construction, equipping and installation of a water system to provide water to the Cities, (ii) acquiring certain water and wastewater treatment facilities from the City of Palmetto, (iii) paying capitalized interest on the Series 2003 Bonds during construction, (iv) funding a debt service reserve requirement with respect to the Series 2003 Bonds and (v) paying the costs of issuing the Series 2003 Bonds. In 2007, the Water and Sewer Authority issued its Variable Rate Demand Water Revenue Bonds, Series 2007 (the “Series 2007 Bonds”), for the purpose of (i) advance refunding the Series 2003 Bonds, (ii) paying the premium for a debt service reserve surety bond and the premium for a municipal bond insurance policy and (iii) paying the costs of issuing the Series 2007 Bonds. In 2014, the Water and Sewer Authority issued its \$34,585,000 Revenue Refunding Bonds, Series 2014 (the “Series 2014 Bonds”) for the purpose of (i) refunding the outstanding Series 2007 Bonds and (ii) to pay the costs of issuing the Series 2014 Bonds.

The City has contractually obligated itself pursuant to an intergovernmental agreement between the Cities and the Water and Sewer Authority to use its full taxing powers to pay its percentage share of the amounts in the aggregate which are required to sufficiently enable the Water and Sewer Authority to pay the principal of and premium, if any, and interest on the bonds under the intergovernmental agreement (the “Contract Payments”). The City’s percentage share is a several, not joint, obligation and is calculated based on proportionate water usage of the Cities’ respective water distribution systems.

The Water and Sewer Project never received the necessary permits to begin construction, and all bond proceeds from the Series 2014 Bonds have been spent on engineering and legal costs as well as all necessary land acquisitions needed for the Water and Sewer Project. However, at this time, the City is still pursuing the Water and Sewer Project and is considering two options: (1) withdrawing water directly from the Chattahoochee River or (2) creating a reservoir. Both options would require building a water treatment facility and distribution center; however, a Section 404(b) permit would not be required for the Chattahoochee River option as the City would not be impounding water. The City has hired permitting consultants to assist the City in obtaining the necessary permits for both options. In addition, both options would require additional funding, but no assurances can be given as to the exact amount or the sources of the funding. The City remains severally liable for its percentage shares of the Contract Payments. Historically, the City’s percentage share has been around 50% of the Contract Payments; however, there can be no assurances as to the percentage share remaining the same going forward.

Insurance Coverage and Governmental Immunity

Under Georgia law, the defense of sovereign immunity is available to the City, except for actions for the breach of written contracts and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The City, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers.

The City is a participating member of the Georgia Interlocal Risk Management Agency (“IRMA”) Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers’ Compensation Fund (the “GMA Fund”). IRMA and the GMA Fund are public entity risk pools operating as common risk management and insurance programs for member local governments. Each risk pool provides its members risk management services in order to reduce the risk of liability before litigation arises. As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools’ agents and attorneys, to follow loss reduction strategies established by the pools and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the pools being required to pay any claim of loss. Annual contributions by members are weighted to reflect the size of the member, the level of proprietary services offered to the member, its prior litigation history, and a risk analysis. Although protected by reinsurance purchased directly by IRMA, the solvency of the pool is assured through the agreement of its members to be jointly and severally liable for the self-insurance pool’s obligations. Settled claims in the last three fiscal years have not exceeded the City’s coverages. See Note 17 to the City’s audited financial statements attached hereto as Appendix A.

Investment of Funds

O.C.G.A. Section 36-80-3 provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the United States and of its agencies and instrumentalities,
- (2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, and
- (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that the portion of such certificates of deposit in excess of the

amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

O.C.G.A. Section 36-83-4 provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the State of Georgia or other states,
- (2) obligations issued by the United States government,
- (3) obligations fully insured or guaranteed by the United States government or United States government agency,
- (4) obligations of any corporation of the United States government;
- (5) prime banker's acceptances,
- (6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated,
- (7) repurchase agreements, and
- (8) obligations of other political subdivisions of the State of Georgia.

See Note 1(F) of the audited financial statements of the City for information regarding investment risk and policies.

LEGAL MATTERS

Pending Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with its attorney, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the City.

There is no litigation now pending or, to the knowledge of the City, threatened against the City which (a) restrains or enjoins the issuance or delivery of the Bonds, the levy of an ad valorem tax for the payment of the Bonds or the use of the proceeds of the Bonds or (b) questions or contests the validity of the Bonds, the proceedings and authority under which they are to be issued or the security for the Bonds. Neither the creation, organization, or existence of the City, nor the title of the present members or other officials of the City to their respective offices, is being contested or questioned.

Tax Exemption

Generally. Legal matters incident to the authorization, validity, and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Bond Counsel, which will be delivered contemporaneously with the delivery of the Bonds in substantially the form attached to this Official Statement as Appendix B. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

Federal Taxes. In the opinion of Murray Barnes Finister LLP, Bond Counsel, under existing statutes, rulings and court decisions, and assuming compliance by the City with certain tax covenants, interest on the Bonds

is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in defining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. Except as provided below with respect to original issue premium, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on, or the ownership of, the Bonds.

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In concluding that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (a) rely as to certain factual matters upon certificates and certified proceedings of public officials, including officials of the City, and representations of the City (including representations as to the use and investment of the proceeds of the Refunded Bonds and the Bonds), without undertaking to verify the same by independent investigation and (b) assume continued compliance by the City with its covenants relating to the use of the proceeds of the Bonds and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the related Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of such Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not purport to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Bonds should consult their own tax advisors with respect to the apportionment for federal income tax purposes of accrued tax-exempt interest upon a sale or exchange (including redemption) and with respect to the state and local tax consequences of original issue premium.

State of Georgia Taxes. In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from present state income taxation within the State of Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than the State of Georgia. Each purchaser of the Bonds should consult his or her own tax advisor regarding the tax-exempt status of interest on the Bonds in a particular state or local jurisdiction other than the State of Georgia.

Validation Proceedings

The City caused proceedings to be instituted in the Superior Court of Fulton County, Georgia to validate the Bonds, and the Bonds were validated on December 27, 2016. The order is not being appealed or contested.

Closing Certificates

The City will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Bonds, the levy and collection of an ad valorem

tax to pay the Bonds, or on the financial condition of the City. In addition, the City will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Rating

Moody's Investors Service, Inc. has assigned a rating of "Aa3." The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Bonds. Neither the Underwriter nor the City has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

Underwriting

Jefferies LLC (the "Underwriter"), has agreed pursuant to a Bond Purchase Agreement entered into between the City and the Underwriter, subject to certain conditions, to purchase the Bonds at a purchase price of \$5,714,065.08 (representing par, plus original issue premium of \$767,176.90, less an underwriting discount of \$53,111.82). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The City has agreed to indemnify the Underwriter against certain liabilities including liabilities under the federal securities laws relating to portions of this Official Statement. The Underwriter intends to offer the Bonds to the public initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers at prices lower than the public offering.

Independent Auditors

The general purpose financial statements of the City for the fiscal year ended August 31, 2016, attached hereto as part of Appendix A, have been audited by Mauldin & Jenkins, LLC, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC. Mauldin & Jenkins, LLC has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mauldin & Jenkins, LLC also has not performed any procedures relating to this Official Statement.

Additional Information

Use of the words "shall" or "will" in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

CERTIFICATION

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the City.

CITY OF UNION CITY, GEORGIA

By: /s/ Vince Williams

Mayor

APPENDIX A

Financial Statements of the City for Fiscal Year Ended August 31, 2016

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CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2016



Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

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CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

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CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



February 15, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of
the City of Union City, Georgia:

State law requires that all general-purpose local governments publish for the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Union City, Georgia for the fiscal year ended August 31, 2016.

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

The City of Union City, Georgia's financial statements have been audited by Mauldin & Jenkins, LLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Union City, Georgia for the fiscal year ended August 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Union City, Georgia's financial statements for the fiscal year ended August 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement (MD&A) and should be read in conjunction with it. The City of Union City, Georgia's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Union City was incorporated August 17, 1908, and was named for the Farmer's Union whose national headquarters was located in the area. Since that time, the City's population has grown to its current population of approximately 20,501. The City is located in North Central Georgia on Interstate 85 in South Fulton County, the largest county in the State of Georgia. Approximately 15 miles south of downtown Atlanta, Union City is only 5 miles from Hartsfield-Jackson International Airport and is part of the metropolitan statistical area as designated by the Bureau of Census; a small town America within the sphere of downtown Atlanta, home of the 1996 Olympic Games.

The City of Union City, Georgia, operates under a Mayor and Council-Chief Administrative Officer form of government. The Chief Administrative Officer is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The Chief Administrative Officer has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

Services provided by the City under general governmental functions include finance, human resources, information technology, police and fire protection, economic development, public services, recreation services and administrative services to the citizens. In addition, water and sewer services, solid waste collection and disposal services, and criminal justice management are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

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

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

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

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2016, by the Mayor and Council.

Financial Position and Future Prospects

Union City, like most cities, has been hit hard by the recession. Due to the economy, the City was placed in a difficult financial position in fiscal year 2014 and was forced to make tough decisions including an increase in its millage rate and reductions in staff. The City is carefully managing its budget by monitoring expenditures of funds and reviewing revenue projections.

Union City has a distinctive blend of new and established business clusters that are strategically designed to succeed. The digest reflects this diversification with 73.7% commercial; 12.4% industrial and 13.8% residential. Over 87% of businesses located in Union City are in the services or retail trade sector. This is, in part, due to the existence of numerous services and retail establishments located along Georgia Highway 138 and 29.

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

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

Federal and State Grants

The City has made a significant investment in applying for federal and state awards which use Federal and State dollars to benefit its citizens. In fiscal year 2016, Union City received grants used for additional police equipment, personnel, street paving and resurfacing.

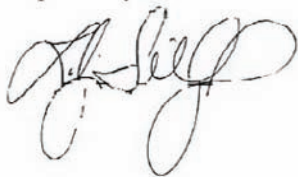
Awards & Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Union City for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended August 31, 2015. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are pleased to present the City's fifteenth Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our current CAFR continues to meet the program's requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'S. Fillingame', with a stylized, cursive script.

Sonja Fillingame
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Union City
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

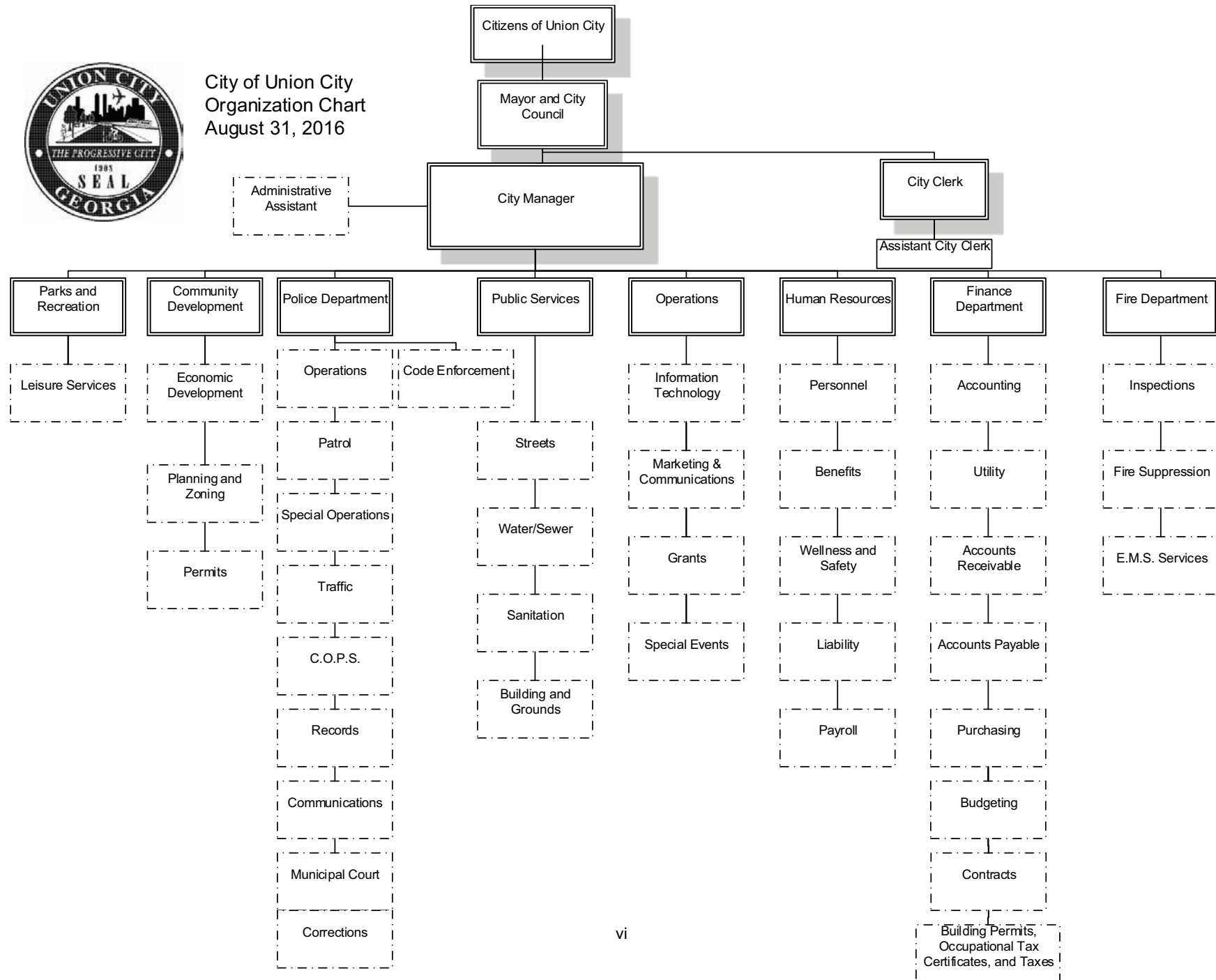
August 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



City of Union City
Organization Chart
August 31, 2016



CITY OF UNION CITY, GEORGIA

PRINCIPAL OFFICIALS AUGUST 31, 2016

Elected Officials

Vince Williams, Mayor

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

Appointed Officials

City Manger
La Sonja Filligame

City Clerk
Jacqueline Cossey

Chief of Police
Cassandra Jones

Chief of Fire Administration
Joe Maddox

Director of Public Services
Lonnie Ferguson

Director of Community Development
Vacant

Directors

Finance Director
Tarsha Calloway

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Union City, Georgia**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions on pages 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the City of Union City, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Union City, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
February 15, 2017

CITY OF UNION CITY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Union City, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$23,405,545 (net position).
- The City's total net position increased by \$4,706,655 or 25%.
- As of the close of the current fiscal year, the City's governmental activities reported ending net position of \$12,441,458 an increase of \$4,567,444 from the prior year.
- The City's General Fund reported a positive fund balance of \$10,423,604 which represents 75% of the current years expenditures.
- General Fund results were \$3,597,171 better than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The governmental activities of the City include general government, judicial, public safety, public works, community services, recreation, and economic development.

The business-type activities of the City include water and sewer, sanitation, and criminal justice management.

The government-wide financial statements include not only the City itself (known as the primary government), but also the South Fulton Municipal Regional Jail Authority. This is a legally separate entity that is a component unit of the City due to the significance of its operational or financial relationship with the City. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The City's government-wide financial statements are presented on pages 14 and 15.

Reporting the City's Most Significant Funds

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 16 - 19.

Proprietary Funds

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

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

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

The City's proprietary fund financial statements are presented on pages 20 - 23.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 14 and 15):

City of Union City's Net Position						
August 31, 2016						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 14,954,520	\$ 11,685,031	\$ 7,051,633	\$ 6,534,056	\$ 22,006,153	\$ 18,219,087
Capital assets, net	15,071,421	15,543,474	15,910,848	16,707,425	30,982,269	32,250,899
Total assets	30,025,941	27,228,505	22,962,481	23,241,481	52,988,422	50,469,986
Deferred outflow s of resources	2,576,579	1,586,710	178,189	102,198	2,754,768	1,688,908
Other liabilities	9,008,600	7,803,560	2,755,820	2,612,166	11,764,420	10,415,726
Long-term liabilities outstanding	11,022,775	12,631,453	9,408,076	9,859,629	20,430,851	22,491,082
Total liabilities	20,031,375	20,435,013	12,163,896	12,471,795	32,195,271	32,906,808
Deferred inflow s of resources	129,687	506,188	12,687	47,008	142,374	553,196
Net position:						
Net investment in capital assets	5,049,949	3,531,201	7,209,006	7,991,837	12,258,955	11,523,038
Restricted	2,040,997	2,088,414	1,834,024	1,970,454	3,875,021	4,058,868
Unrestricted	5,350,512	2,254,399	1,921,057	862,585	7,271,569	3,116,984
Total net position	\$ 12,441,458	\$ 7,874,014	\$ 10,964,087	\$ 10,824,876	\$ 23,405,545	\$ 18,698,890

Financial Position

The total net position of the City increased \$4,706,655 or 25%, from \$18,698,890 to \$23,405,545 as noted in the table above. The increase is primarily the result of better than budgeted balances in the General fund and managements emphasis on generating reserves for future projects and any potential downturns in the economy.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Net Position August 31, 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 3,583,841	\$ 3,225,649	\$ 10,100,193	\$ 9,202,096	\$ 13,684,034	\$ 12,427,745
Operating grants and contributions	29,930	113,940	-	-	29,930	113,940
Capital grants and contributions	545,682	386,851	-	-	545,682	386,851
General revenues:						
Property taxes	8,747,818	7,656,577	-	-	8,747,818	7,656,577
Sales taxes	5,079,836	5,051,758	-	-	5,079,836	5,051,758
Franchise taxes	1,364,897	1,200,932	-	-	1,364,897	1,200,932
Other taxes	1,596,425	1,532,936	-	-	1,596,425	1,532,936
Unrestricted investment earnings	33,119	13,001	22,317	-	55,436	13,001
Total revenues	20,981,548	19,181,644	10,122,510	9,202,096	31,104,058	28,383,740
Expenses:						
General government	2,424,138	2,468,658	-	-	2,424,138	2,468,658
Judicial	444,132	383,138	-	-	444,132	383,138
Public safety	9,852,273	8,941,842	-	-	9,852,273	8,941,842
Public works	2,329,099	2,005,906	-	-	2,329,099	2,005,906
Parks and recreation	522,901	473,370	-	-	522,901	473,370
Economic development	684,237	710,296	-	-	684,237	710,296
Interest on long-term debt	221,368	512,928	-	-	221,368	512,928
Water and Sewer	-	-	7,692,033	7,137,318	7,692,033	7,137,318
Sanitation	-	-	1,493,200	1,063,063	1,493,200	1,063,063
Stormwater	-	-	734,022	1,685,368	734,022	1,685,368
Total expenses	16,478,148	15,496,138	9,919,255	9,885,749	26,397,403	25,381,887
Increase (decrease) in net position before transfers	4,503,400	3,685,506	203,255	(683,653)	4,706,655	3,001,853
Transfers	64,044	59,591	(64,044)	(59,591)	-	-
Change in net position	4,567,444	3,745,097	139,211	(743,244)	4,706,655	3,001,853
Net position, beginning of year	7,874,014	4,128,917	10,824,876	11,568,120	18,698,890	15,697,037
Net position, end of year	\$ 12,441,458	\$ 7,874,014	\$ 10,964,087	\$ 10,824,876	\$ 23,405,545	\$ 18,698,890

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

As noted in the table on the preceding page, governmental revenues increased \$1,799,904 or 9.38%. The more significant increases were property taxes which increased \$1,091,241 or 14.25% as a result of increases in assessed values and more commercial development. Charges for services increased \$358,192 or 11% as a result of increases in building permits. Franchise taxes increased \$163,965 or 13.65% as a result of general improvements in the economy.

In total, governmental expenses increased \$982,010 or 6.34% over the prior year. Public safety expenses increased \$910,431 or 10.18% as a result of filling vacant police positions. Public works expenses increased \$323,193 or 16.11% as a result of increased activity on road and sidewalk projects.

Business-Type Activities

Net position for business-type activities increased \$139,211 or 1.29%. The Water and Sewer fund reported a decrease in net position of \$38,232; the Criminal Justice Management Fund had a decrease in net position of \$66,649; the Stormwater fund had an increase in net position of \$81,639; and the Sanitation fund had an increase in net position of \$162,453.

The Water and Sewer fund had net operating income of \$1,651,758; \$1,701,316; and \$1,134,383 for 2016, 2015 and 2014, respectively. The improvement in operating income for 2015 is attributable to additional commercial customers added in 2015; in addition, fiscal 2014 water purchases included a \$231,000 settlement of a prior year balance. The Water and Sewer fund continues to bear non-operating expenses for obligations under an intergovernmental agreement with the South Fulton Regional Water Authority to fund the repayment of construction bonds for alternative water and sewer resources. These obligations were \$1,555,865; \$1,566,108; and \$1,543,382 for 2016, 2015 and 2014, respectively. (See Note 14, page 58).

The Criminal Justice Management fund had net operating income (losses) of (\$66,649); \$124,667; and \$195,123 for 2016, 2015 and 2014, respectively. The losses for fiscal 2016 are attributable to major repair work required on the facility. Because of continuing losses prior to 2013, the City ceased operating the facility. Beginning August 2013, the jail facility is being leased to the Fulton County Sheriff's department on a monthly basis.

The Stormwater Fund had net operating income (losses) of \$213,930; (\$805,063); and \$816,405 for 2016, 2015 and 2014 respectively. Losses for 2015 are attributable to a major repair along Shannon Parkway.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City manages the billing and collection of revenues for its Sanitation customers, and outsources the collection and disposal of garbage to a private vendor for both residential and commercial customers. The City's goal in the process is to, at a minimum, break even and attempt to maintain a level retained earnings balance in order to refrain from having to transfer funds into the Sanitation activities from other sources. This is a service that the City provides to its residents which aides residents further by controlling and maintaining the lowest cost for these services, as opposed to allowing a private vendor to take over the entire process and expose residents to garbage fees that could be inflated for profit reasons. The Sanitation Fund had net income before transfers of \$279,753; \$214,519; and \$197,174 for 2016, 2015 and 2014, respectively.

Financial Analysis of the City's Funds

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

Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on page 16, were \$12,665,644. This balance represents an increase of \$3,534,643 or 38.71% from last year's ending balance. The tables below reflect changes in governmental fund balances.

**City of Union City's Governmental Fund Balance
August 31, 2016**

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 10,423,604	\$ 6,826,433	\$ 3,597,171	52.69 %
Other Governmental Funds	2,242,040	2,304,568	(62,528)	(2.71)
Total Governmental Fund Balance	<u>\$ 12,665,644</u>	<u>\$ 9,131,001</u>	<u>\$ 3,534,643</u>	<u>38.71</u>

As noted in the table on the following page, excess (deficiency) of revenues over (under) expenditures prior to other financing sources in the Governmental Funds was \$3,470,599 as compared to \$3,599,712 in the prior year. Governmental revenues increased \$1,390,482 or 7.10%. Property taxes increased \$681,821 or 8.45% due to increases in property values and additional commercial development within the city. Licenses and permits increased \$214,707 or 10.53% and franchise fees increased \$163,965 or 13.65% as a result of general improvements in the economy. Fines and forfeitures increased \$88,706 or 13.8% consistent with increases in police staffing.

Overall governmental expenditures increased \$1,519,597 or 9.5%. General government expenses increased \$429,875 or 19.97% because of significant increases in property and liability insurance as well as workers compensation insurance along with other general increases in expenses. Public safety expenses increased \$444,354 or 5.1% as a result filling vacant positions. Public works expenses increased \$214,767 or 13.55% because of increased activity on road and sidewalk projects. Capital outlay increased \$332,017 or 82.38% as bond funds are depleted. Debt service principal and interest increased \$148,021 (11.29%) and \$76,673 (27.36%), respectively, because of refinancing of certain debt had principal and interest reductions in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Governmental Fund Balance August 31, 2016

	2016	2015	\$ Change	% Change
Revenues				
Property taxes	\$ 8,751,035	\$ 8,069,214	\$ 681,821	8.45 %
Other taxes	6,676,261	6,584,694	91,567	1.39
Charges for services	481,364	464,498	16,866	3.63
Licenses and permits	2,252,917	2,038,210	214,707	10.53
Intergovernmental	575,612	500,791	74,821	14.94
Franchise fees	1,364,897	1,200,932	163,965	13.65
Fines and forfeitures	730,864	642,156	88,708	13.81
Interest revenue	33,119	13,001	20,118	154.74
Rental income	18,346	20,311	(1,965)	(9.67)
Other revenue	100,350	60,474	39,876	65.94
Total revenues	<u>20,984,765</u>	<u>19,594,281</u>	<u>1,390,484</u>	<u>7.10</u>
Expenditures				
Current:				
General government	2,582,460	2,152,585	429,875	19.97
Judicial	357,346	298,711	58,635	19.63
Public safety	9,155,803	8,711,449	444,354	5.10
Public works	1,799,620	1,584,853	214,767	13.55
Parks and recreation	384,182	359,452	24,730	6.88
Planning and economic development	684,237	710,296	(26,059)	(3.67)
Capital outlay	735,032	403,015	332,017	82.38
Debt service				
Principal (net of refunding)	1,458,601	1,310,580	148,021	11.29
Interest	356,885	280,212	76,673	27.36
Bond issuance costs	-	183,416	(183,416)	-
Total expenditures	<u>17,514,166</u>	<u>15,994,569</u>	<u>1,519,597</u>	<u>9.50</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,470,599</u>	<u>3,599,712</u>	<u>(129,113)</u>	<u>(3.59)</u>
Other financing sources				
Premium on bonds issued	-	525,671	(525,671)	
Bond proceeds	-	8,560,000	(8,560,000)	
Payment to bond escrow agent	-	(8,902,255)	8,902,255	
Net transfers	64,044	59,591	4,453	
Total other financing sources	<u>64,044</u>	<u>243,007</u>	<u>(178,963)</u>	
Net change in fund balance	<u>\$ 3,534,643</u>	<u>\$ 3,842,719</u>	<u>\$ (308,076)</u>	<u>8.02 %</u>

The City of Union City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Union City's business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated \$17,613,300 of revenues to cover expenditures of \$15,275,157 and net transfers out of \$2,338,143. Actual results were \$3,597,171 better than projected.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 19.

- For the General Fund, the actual revenues were \$2,092,553 better than the final budget. Revenues were budgeted at \$17,613,300 and actual revenues were \$19,705,853. Property taxes were \$1,056,035 better than budgeted due to increases in property values and additional development. Other taxes and franchise taxes were \$254,253 and \$203,297, respectively, better than budgeted due to improvements in the local economy. Licenses and permits were \$594,917 better than budgeted due to significant increases in business licenses and building permits. Fines and forfeitures were (\$114,136) less than budgeted due to vacant police positions.
- Actual expenditures of \$13,837,333 were \$1,437,824 less than the budgeted amount of \$15,275,157 as management reduced expenses in order to build reserves. General government expenditures were \$823,587 better than budgeted primarily because a contingency budget of \$659,650 was not utilized. Public safety expense was \$428,808 better than budgeted because of vacancies in the police and fire departments.

Capital Asset and Debt Administration

Capital Assets

The City has invested \$30,982,269 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

**City of Union City's Capital Assets, net of Accumulated Depreciation
August 31, 2016**

	Governmental Activities		Business -type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 691,851	\$ 691,851	\$ 493,194	\$ 493,194	\$ 1,185,045	\$ 1,185,045
Construction in progress	847,728	1,115,150	-	-	847,728	1,115,150
Buildings, grounds and improvements	6,199,197	6,477,914	9,473,798	9,853,313	15,672,995	16,331,227
Machinery and equipment	288,748	319,008	46,923	18,310	335,671	337,318
Infrastructure	6,012,542	5,912,977	752,886	798,643	6,765,428	6,711,620
Intangibles	-	-	5,064,275	5,489,249	5,064,275	5,489,249
Vehicles	1,031,355	1,026,574	79,772	54,716	1,111,127	1,081,290
Total	<u>\$ 15,071,421</u>	<u>\$ 15,543,474</u>	<u>\$ 15,910,848</u>	<u>\$ 16,707,425</u>	<u>\$ 30,982,269</u>	<u>\$ 32,250,899</u>

The detailed schedule capital assets are reported in Note 5 of the financial statements.

Total capital asset additions for 2016 were \$525,189 compared to \$393,752 in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$10,024,983 and \$9,950,000 for business type activities. All debt is 100% backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources and Water and Sewer bonds are secured by related revenues.

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

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

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

City of Union City's Outstanding Long-Term Liabilities August 31, 2016

	Governmental Activities		Business -type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds backed by property taxes	\$ 9,740,000	\$ 11,110,000	\$ -	\$ -	\$ 9,740,000	\$ 11,110,000
Revenue bonds	-	-	9,490,000	9,950,000	9,490,000	9,950,000
Note payable	-	-	-	-	-	-
Capital lease	284,983	373,584	-	-	284,983	373,584
	<u>\$ 10,024,983</u>	<u>\$ 11,483,584</u>	<u>\$ 9,490,000</u>	<u>\$ 9,950,000</u>	<u>\$ 19,514,983</u>	<u>\$ 21,433,584</u>

Economic Factors and Next Year's Budgets and Rates

Union City, like most cities, has been hit hard by the recession. Due to the economy, the City was placed in a difficult financial position and was forced to make tough decisions. However, over the past few years, the growing economic base has manifested in the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution Ecommerce facility, Amazon, and Atlanta Metro Studios of Union City. Millage rates for property taxes will remain at 15.692 mills for the fiscal year 2017.

Contacting the City's Financial Management

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION AUGUST 31, 2016

	Primary Government			Component Unit
	Governmental	Business-type	Total	South Fulton
	Activities	Activities	Primary	Municipal
			Government	Regional
				Jail Authority
ASSETS				
Cash and cash equivalents	\$ 13,601,118	\$ 2,192,442	\$ 15,793,560	\$ 1,164,011
Investments	105,733	320,710	426,443	-
Taxes receivable	120,619	-	120,619	-
Accounts receivable, net of allowances	11,975	2,321,167	2,333,142	-
Internal balances	-	-	-	-
Due from other governments	467,810	-	467,810	293,350
Due from others	110,895	1,661	112,556	-
Inventory	12,061	24,649	36,710	-
Prepaid expenses	524,309	-	524,309	-
Restricted assets:				
Cash and cash equivalents	-	2,080,233	2,080,233	-
Investments	-	110,771	110,771	-
Capital assets:				
Nondepreciable	1,539,579	493,194	2,032,773	286,986
Depreciable, net of accumulated depreciation	13,531,842	15,417,654	28,949,496	7,450,259
Total assets	<u>30,025,941</u>	<u>22,962,481</u>	<u>52,988,422</u>	<u>9,194,606</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	900,768	74,050	974,818	-
Pension investment return	442,153	29,731	471,884	-
Pension contributions subsequent to measurement date	790,987	74,408	865,395	-
Deferred charges on refunding	442,671	-	442,671	-
Total deferred outflows of resources	<u>2,576,579</u>	<u>178,189</u>	<u>2,754,768</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,047,654	817,213	2,864,867	51
Accrued liabilities	167,470	84,134	251,604	159,869
Unearned revenues	31,411	-	31,411	1,140,000
Due to other governments	71,891	-	71,891	-
Customer deposits payable	-	962,599	962,599	-
Due to component unit	-	293,350	293,350	-
Capital leases due within one year	91,729	-	91,729	-
Capital leases due in more than one year	193,254	-	193,254	-
Bonds payable due within one year	1,135,000	470,000	1,605,000	305,000
Bonds payable due in more than one year	9,044,160	8,909,531	17,953,691	12,150,000
Claims payable due within one year	235,546	-	235,546	-
Compensated absences due within one year	323,086	28,545	351,631	-
Net pension liability	6,690,174	598,524	7,288,698	-
Total liabilities	<u>20,031,375</u>	<u>12,163,896</u>	<u>32,195,271</u>	<u>13,754,920</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	129,687	12,687	142,374	-
Total deferred inflows of resources	<u>129,687</u>	<u>12,687</u>	<u>142,374</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,049,949	7,209,006	12,258,955	3,982,245
Restricted				
Law enforcement	195,956	-	195,956	-
Economic development	418,163	-	418,163	-
Debt service	327,562	1,458,486	1,786,048	-
Capital outlay	1,099,316	-	1,099,316	-
Customer deposits	-	375,538	375,538	-
Unrestricted	5,350,512	1,921,057	7,271,569	(8,542,559)
Total net position	<u>\$ 12,441,458</u>	<u>\$ 10,964,087</u>	<u>\$ 23,405,545</u>	<u>\$ (4,560,314)</u>

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

CITY OF UNION CITY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit South Fulton Municipal Regional Jail Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,424,138	\$ 2,378,255	\$ -	\$ -	\$ (45,883)	\$ -	\$ (45,883)	\$ -
Judicial	444,132	61,063	-	-	(383,069)	-	(383,069)	-
Public safety	9,852,273	1,036,884	29,930	-	(8,785,459)	-	(8,785,459)	-
Public works	2,329,099	19,066	-	545,682	(1,764,351)	-	(1,764,351)	-
Parks and recreation	522,901	58,800	-	-	(464,101)	-	(464,101)	-
Planning and economic development	684,237	29,773	-	-	(654,464)	-	(654,464)	-
Interest on long-term debt	221,368	-	-	-	(221,368)	-	(221,368)	-
Total governmental activities	16,478,148	3,583,841	29,930	545,682	(12,318,695)	-	(12,318,695)	-
Business-type activities:								
Water and sewerage	7,692,033	7,445,937	-	-	-	(246,096)	(246,096)	-
Sanitation	1,493,200	1,706,304	-	-	-	213,104	213,104	-
Stormwater	734,022	947,952	-	-	-	213,930	213,930	-
Total business-type activities	9,919,255	10,100,193	-	-	-	180,938	180,938	-
Total primary government	\$ 26,397,403	\$ 13,684,034	\$ 29,930	\$ 545,682	(12,318,695)	180,938	(12,137,757)	-
Component units:								
South Fulton Municipal Regional Jail Authority	\$ 732,661	\$ 783,252	\$ -	\$ -	-	-	-	50,591
Total component units	\$ 732,661	\$ 783,252	\$ -	\$ -	-	-	-	50,591
General revenues:								
Property taxes					8,747,818	-	8,747,818	-
Sales taxes					5,079,836	-	5,079,836	-
Insurance premium tax					1,121,467	-	1,121,467	-
Alcoholic beverage taxes					21,220	-	21,220	-
Other taxes					453,738	-	453,738	-
Franchise taxes					1,364,897	-	1,364,897	-
Unrestricted investment earnings					33,119	22,317	55,436	65
Transfers					64,044	(64,044)	-	-
Total general revenues and transfers					16,886,139	(41,727)	16,844,412	65
Change in net position					4,567,444	139,211	4,706,655	50,656
Net position, beginning of year					7,874,014	10,824,876	18,698,890	(4,610,970)
Net position, end of year					\$ 12,441,458	\$ 10,964,087	\$ 23,405,545	\$ (4,560,314)

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

CITY OF UNION CITY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2016

	General	Nonmajor Governmental Funds	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,152,800	\$ 2,448,318	\$ 13,601,118
Investments	105,733	-	105,733
Taxes receivable, net	82,166	38,453	120,619
Accounts receivable, net	-	11,975	11,975
Due from other governments	412,530	55,280	467,810
Due from others	110,895	-	110,895
Inventory	12,061	-	12,061
Due from other funds	195,100	-	195,100
Prepaid expenditures	359,139	165,170	524,309
Total assets	<u>\$ 12,430,424</u>	<u>\$ 2,719,196</u>	<u>\$ 15,149,620</u>
LIABILITIES			
Accounts payable	\$ 1,837,489	\$ 210,165	\$ 2,047,654
Accrued liabilities	113,046	-	113,046
Unearned revenue	31,411	-	31,411
Due to others	-	71,891	71,891
Due to other funds	-	195,100	195,100
Total liabilities	<u>1,981,946</u>	<u>477,156</u>	<u>2,459,102</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	24,874	-	24,874
Total deferred inflow of resources	<u>24,874</u>	<u>-</u>	<u>24,874</u>
FUND BALANCES			
Nonspendable:			
Inventory	12,061	-	12,061
Prepaid expenditures	359,139	165,170	524,309
Restricted for:			
Law enforcement	-	195,956	195,956
Economic development	-	418,163	418,163
Other capital projects	-	1,099,316	1,099,316
Debt service	-	327,562	327,562
Assigned to:			
Public safety - jail	-	195,745	195,745
Unassigned	10,052,404	(159,872)	9,892,532
Total fund balances	<u>10,423,604</u>	<u>2,242,040</u>	<u>12,665,644</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,430,424</u>	<u>\$ 2,719,196</u>	

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.	15,071,421
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	24,874
Deferred refunding charges are not financial resources and, therefore, are not reported in the funds.	442,671
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.	(4,685,953)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,077,199)</u>
Net position of governmental activities	<u>\$ 12,441,458</u>

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	General	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues			
Property taxes	\$ 8,751,035	\$ -	\$ 8,751,035
Other taxes	6,222,523	453,738	6,676,261
Charges for services	232,313	249,051	481,364
Licenses and permits	2,252,917	-	2,252,917
Intergovernmental	-	575,612	575,612
Franchise taxes	1,364,897	-	1,364,897
Fines and forfeitures	730,864	-	730,864
Interest revenue	32,608	511	33,119
Rental income	18,346	-	18,346
Other revenues	100,350	-	100,350
Total revenues	<u>19,705,853</u>	<u>1,278,912</u>	<u>20,984,765</u>
Expenditures			
Current:			
General government	2,582,460	-	2,582,460
Judicial	357,346	-	357,346
Public safety	8,514,937	640,866	9,155,803
Public works	1,328,545	471,075	1,799,620
Parks and recreation	384,182	-	384,182
Planning and economic development	568,073	116,164	684,237
Capital outlay	-	735,032	735,032
Debt service:			
Principal	88,601	1,370,000	1,458,601
Interest	13,189	343,696	356,885
Total expenditures	<u>13,837,333</u>	<u>3,676,833</u>	<u>17,514,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,868,520</u>	<u>(2,397,921)</u>	<u>3,470,599</u>
Other financing sources (uses)			
Transfers in	587,165	2,672,967	3,260,132
Transfers out	<u>(2,858,514)</u>	<u>(337,574)</u>	<u>(3,196,088)</u>
Total other financing sources (uses)	<u>(2,271,349)</u>	<u>2,335,393</u>	<u>64,044</u>
Net change in fund balances (deficit)	<u>3,597,171</u>	<u>(62,528)</u>	<u>3,534,643</u>
Fund balances, beginning of year	<u>6,826,433</u>	<u>2,304,568</u>	<u>9,131,001</u>
Fund balances, end of year	<u><u>\$ 10,423,604</u></u>	<u><u>\$ 2,242,040</u></u>	<u><u>\$ 12,665,644</u></u>

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

CITY OF UNION CITY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

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

Net change in fund balances - total governmental funds	\$ 3,534,643
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 exceeded capital outlays in the current period.	(472,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,217)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,458,601
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>49,470</u>
Change in net position of governmental activities	<u><u>\$ 4,567,444</u></u>

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 7,695,000	\$ 7,695,000	\$ 8,751,035	\$ 1,056,035
Other taxes	5,968,000	5,968,000	6,222,523	254,523
Charges for services	244,000	244,000	232,313	(11,687)
Licenses and permits	1,658,000	1,658,000	2,252,917	594,917
Franchise taxes	1,161,600	1,161,600	1,364,897	203,297
Fines and forfeitures	845,000	845,000	730,864	(114,136)
Interest revenue	10,000	10,000	32,608	22,608
Rental income	16,500	16,500	18,346	1,846
Other revenues	15,200	15,200	100,350	85,150
Total revenues	17,613,300	17,613,300	19,705,853	2,092,553
Expenditures:				
Current:				
General government:				
City clerk	196,866	224,083	223,810	273
Finance	625,096	625,096	509,962	115,134
City administrator	328,838	328,838	322,348	6,490
Mayor and council	178,588	178,588	142,706	35,882
Human resources	387,749	399,304	394,655	4,649
Operations	1,792,185	1,650,138	988,979	661,159
Total general government	3,509,322	3,406,047	2,582,460	823,587
Judicial:				
Municipal court	363,752	363,752	357,346	6,406
Public safety:				
Police	4,920,167	4,920,167	4,818,249	101,918
Fire	4,023,578	4,023,578	3,696,688	326,890
Total public safety	8,943,745	8,943,745	8,514,937	428,808
Public works:				
Buildings and grounds	1,480,050	1,480,050	1,328,545	151,505
Planning and economic development	500,219	568,778	568,073	705
Parks and recreation	410,345	410,995	384,182	26,813
Debt service	101,789	101,790	101,790	-
Total expenditures	15,309,222	15,275,157	13,837,333	1,437,824
Excess of revenues over expenditures	2,304,078	2,338,143	5,868,520	3,530,377
Other financing sources (uses)				
Transfers in	520,590	520,590	587,165	66,575
Transfers out	(2,824,668)	(2,858,733)	(2,858,514)	219
Total other financing sources (uses)	(2,304,078)	(2,338,143)	(2,271,349)	66,794
Net change in fund balances	\$ -	\$ -	3,597,171	\$ 3,597,171
Fund balance, beginning of year			6,826,433	
Fund balance, end of year			\$ 10,423,604	

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2016

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,281,596	\$ 129,431	\$ 781,415	\$ 2,192,442
Investments	320,710	-	-	320,710
Accounts receivable, net of allowances	1,683,679	388,411	249,077	2,321,167
Inventory	24,649	-	-	24,649
Due from others	1,492	-	169	1,661
Restricted assets				
Cash and cash equivalents	2,080,233	-	-	2,080,233
Investments	110,771	-	-	110,771
Total current assets	<u>5,503,130</u>	<u>517,842</u>	<u>1,030,661</u>	<u>7,051,633</u>
NONCURRENT ASSETS				
Nondepreciable	493,194	-	-	493,194
Depreciable, net of accumulated depreciation	14,557,105	860,549	-	15,417,654
Total noncurrent assets	<u>15,050,299</u>	<u>860,549</u>	<u>-</u>	<u>15,910,848</u>
Total assets	<u>20,553,429</u>	<u>1,378,391</u>	<u>1,030,661</u>	<u>22,962,481</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	68,883	-	5,167	74,050
Pension investment return	27,111	-	2,620	29,731
Pension contributions subsequent to measurement date	69,990	-	4,418	74,408
Total deferred outflows of resources	<u>165,984</u>	<u>-</u>	<u>12,205</u>	<u>178,189</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	669,592	-	147,621	817,213
Accrued liabilities	27,731	-	2,632	30,363
Compensated absences	26,848	-	1,697	28,545
Due to component unit	-	-	293,350	293,350
Payable from restricted assets:				
Customer deposits payable	962,599	-	-	962,599
Revenue bonds payable - current portion	470,000	-	-	470,000
Accrued interest on bonds payable	53,771	-	-	53,771
Total current liabilities	<u>2,210,541</u>	<u>-</u>	<u>445,300</u>	<u>2,655,841</u>
NONCURRENT LIABILITIES				
Revenue bonds payable - net of unamortized discounts and current portion	8,909,531	-	-	8,909,531
Net pension liability	560,766	-	37,758	598,524
Total noncurrent liabilities	<u>9,470,297</u>	<u>-</u>	<u>37,758</u>	<u>9,508,055</u>
Total liabilities	<u>11,680,838</u>	<u>-</u>	<u>483,058</u>	<u>12,163,896</u>
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	11,969	-	718	12,687
Total deferred inflows of resources	<u>11,969</u>	<u>-</u>	<u>718</u>	<u>12,687</u>
NET POSITION				
Net investment in capital assets	6,348,457	860,549	-	7,209,006
Restricted				
Debt service	1,458,486	-	-	1,458,486
Customer deposits	375,538	-	-	375,538
Unrestricted	844,125	517,842	559,090	1,921,057
Total net position	<u>\$ 9,026,606</u>	<u>\$ 1,378,391</u>	<u>\$ 559,090</u>	<u>\$ 10,964,087</u>

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

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Charges for services	\$ 6,758,461	\$ 947,952	\$ 1,621,238	\$ 9,327,651
Tap fees	114,400	-	-	114,400
Other charges	573,076	-	85,066	658,142
Total operating revenues	<u>7,445,937</u>	<u>947,952</u>	<u>1,706,304</u>	<u>10,100,193</u>
OPERATING EXPENSES				
Water purchases	2,321,451	-	-	2,321,451
Purchased or contracted services	2,660,882	672,940	1,493,200	4,827,022
Depreciation expense	811,846	61,082	-	872,928
Total operating expenses	<u>5,794,179</u>	<u>734,022</u>	<u>1,493,200</u>	<u>8,021,401</u>
Operating income	<u>1,651,758</u>	<u>213,930</u>	<u>213,104</u>	<u>2,078,792</u>
NONOPERATING EXPENSES				
Interest income	22,317	-	-	22,317
Interest expense	(341,989)	-	-	(341,989)
Intergovernmental agreement	(1,555,865)	-	-	(1,555,865)
Total nonoperating expenses	<u>(1,875,537)</u>	<u>-</u>	<u>-</u>	<u>(1,875,537)</u>
Income (loss) before transfers	(223,779)	213,930	213,104	203,255
TRANSFERS				
Transfers in	185,547	-	-	185,547
Transfers out	-	(132,291)	(117,300)	(249,591)
Total transfers	<u>185,547</u>	<u>(132,291)</u>	<u>(117,300)</u>	<u>(64,044)</u>
Change in net position	(38,232)	81,639	95,804	139,211
NET POSITION, beginning of year	<u>9,064,838</u>	<u>1,296,752</u>	<u>463,286</u>	<u>10,824,876</u>
NET POSITION, end of year	<u>\$ 9,026,606</u>	<u>\$ 1,378,391</u>	<u>\$ 559,090</u>	<u>\$ 10,964,087</u>

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

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 7,080,364	\$ 1,160,374	\$ 1,595,083	\$ 9,835,821
Payments to suppliers	(4,269,132)	(822,301)	(1,536,611)	(6,628,044)
Payments to employees	(680,161)	-	-	(680,161)
Net cash provided by operating activities	<u>2,131,071</u>	<u>338,073</u>	<u>58,472</u>	<u>2,527,616</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on intergovernmental agreement	(1,555,865)	-	-	(1,555,865)
Transfers	185,547	(132,291)	(117,300)	(64,044)
Net cash used in noncapital financing activities	<u>(1,370,318)</u>	<u>(132,291)</u>	<u>(117,300)</u>	<u>(1,619,909)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(76,351)	-	(76,351)
Principal paid on bonds	(460,000)	-	-	(460,000)
Interest paid	(331,824)	-	-	(331,824)
Net cash used in capital and related financing activities	<u>(791,824)</u>	<u>(76,351)</u>	<u>-</u>	<u>(868,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(14,778)	-	-	(14,778)
Interest and dividends received	22,317	-	-	22,317
Net cash provided by investing activities	<u>7,539</u>	<u>-</u>	<u>-</u>	<u>7,539</u>
Change in cash and cash equivalents	(23,532)	129,431	(58,828)	47,071
Cash and cash equivalents:				
Beginning of year	3,385,361	-	840,243	4,225,604
End of year	<u>\$ 3,361,829</u>	<u>\$ 129,431</u>	<u>\$ 781,415</u>	<u>\$ 4,272,675</u>
Classified as:				
Cash and cash equivalents	\$ 1,281,596	129,431	\$ 781,415	\$ 2,192,442
Restricted assets, cash	2,080,233	-	-	2,080,233
	<u>\$ 3,361,829</u>	<u>\$ 129,431</u>	<u>\$ 781,415</u>	<u>\$ 4,272,675</u>

(Continued)

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income to net cash provide by operating activities:				
Operating income	\$ 1,651,758	\$ 213,930	\$ 213,104	\$ 2,078,792
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	811,846	61,082	-	872,928
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(365,573)	212,422	(110,534)	(263,685)
Increase in due from others	(1,492)	-	(169)	(1,661)
Decrease in inventory	3,374	-	-	3,374
Increase (decrease) in accounts payable	33,299	(53,788)	(44,773)	(65,262)
Increase in accrued liabilities	1,746	-	514	2,260
Decrease in due to other funds	-	(95,573)	-	(95,573)
Decrease in advances from other funds	(98,183)	-	-	(98,183)
Decrease in due to component unit	-	-	(518)	(518)
Increase in customer deposits	83,673	-	-	83,673
Increase in net pension liability	10,623	-	848	11,471
Net cash provided by operating activities	<u>\$ 2,131,071</u>	<u>\$ 338,073</u>	<u>\$ 58,472</u>	<u>\$ 2,527,616</u>

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

CITY OF UNION CITY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AUGUST 31, 2016

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 24,203
Total assets	<u>\$ 24,203</u>
LIABILITIES	
Due to others	\$ 24,203
Total liabilities	<u>\$ 24,203</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF UNION CITY, GEORGIA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City was incorporated on August 17, 1908 and operates under an elected Mayor and Council-City Manager form of government. The City Manager is appointed by and serves at the pleasure of the City Council. As such, she is responsible for the day-to-day operations of city government. The legislative branch of the City is vested in the Mayor and four Council members. The City provides the following services and operations as authorized by its charter: public safety (police and fire); planning and engineering; code enforcement; street maintenance; traffic control; solid waste collection and disposal; water and sewerage; parks and recreation; community development; and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, a legally-separate entity for which the City is financially accountable.

Based upon criteria set forth by GASB Statement 14 and as amended by GASB Statement 39 and 61, the City was determined to have the following component unit as of August 31, 2016:

South Fulton Municipal Regional Jail Authority (the “Authority”). The Authority is responsible for the operations of the South Fulton Municipal Regional Justice Center, which provides services to the City as well as other municipalities and governmental agencies in the geographical area. The Board of Directors of the Authority consists of five members, three of which are appointed by the City. The City has the ability to impose its will on the Authority and the Authority is therefore reported in a separate column as a discretely presented component unit in the City's government-wide financial statements to emphasize that it is legally separate from the City. Separate financial statements are not available.

B. Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, however, grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council at the annual retreat.
3. Public hearings on the proposed budget are held in May and June.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

4. The budget is legally adopted by the Mayor and City Council prior to August 31.
5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$250,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

A budget was not adopted for the Inmate Welfare Fund due to the City's anticipation that there would not be any revenues or expenses relating to inmate welfare during the fiscal year.

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

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

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

G. Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

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

J. Capital Assets

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

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended August 31, 2016, there was no capitalized interest.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings, grounds and improvements	15 - 40 years
Machinery and equipment	3 - 10 years
Infrastructure	15 - 50 years
Vehicles	5 - 10 years
Distribution system	50 years

K. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

L. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the pension items discussed below, the City has one additional item that qualifies for reporting in this category. The item is the deferred charge on refunding and is reported in the government wide statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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

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

M. Inventories

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

N. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are reappropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2016, there were no encumbrances outstanding.

P. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

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

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

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

Q. Use of Estimates

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

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 “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (9,740,000)
Plus: Premium on bond issuance (to be amortized over the life of the debt)	(439,160)
Capital leases	(284,983)
Claims payable	(235,546)
Compensated absences	(323,086)
Accrued interest	(54,424)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (11,077,199)</u>

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

Pension experience differences	\$ 900,768
Pension contributions subsequent to measurement date	790,987
Pension assumption changes	(129,687)
Pension investment return	442,153
Net pension liability	(6,690,174)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (4,685,953)</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

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

Capital outlay	\$ 448,838
Depreciation expense	(920,891)
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>\$ (472,053)</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Change in accrued interest	\$ 89,529
Change in claims payable	88,199
Change in compensated absences	(27,651)
Change in net pension liability	(146,595)
Amortization expense	45,988
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 49,470</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2016, are summarized as follows:

As reported in the Statement of Net Position

Primary government	
Cash and cash equivalents	\$ 15,793,560
Investments	426,443
Restricted Assets:	
Cash and cash equivalents	2,080,233
Investments	110,771
Agency Fund - Municipal Court	24,203
Component Unit - Cash and cash equivalents	1,164,011
	<u>\$ 19,599,221</u>
 Cash deposited with financial institutions	 \$ 19,062,007
Cash deposited with Georgia Fund 1	110,771
Investment in U.S. government securities	426,443
	<u>\$ 19,599,221</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2016, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's and the weighted average maturity was 38 days. At August 31, 2016, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years) Less than 1
Georgia Fund 1	\$ 110,771	\$ 110,771
U.S. Government Securities	426,443	426,443
Total	<u>\$ 537,214</u>	<u>\$ 537,214</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The City's investment policy limits investment maturities to a maximum of one year, except for special circumstances where an interest rate differential and certainty of ability to hold the investment to maturity would justify a longer maturity, as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's Administrator is authorized to approve any such exceptions and is required to disclose the exception to City Council.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of August 31, 2016:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
U.S. Government Securities				
Total investments measured at fair value	\$ 426,443	\$ -	\$ -	<u>\$ 426,443</u>
Investments not subject to level disclosure				
Georgia Fund 1				<u>\$ 110,771</u>
Total Investments				<u>\$ 537,214</u>

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

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2016, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 4. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Water and Sewerage	Stormwater	Nonmajor Enterprise	Total
Receivables:						
Taxes	\$ 684,202	\$ 38,453	\$ -	\$ -	\$ -	\$ 722,655
Accounts Due from other governments	-	11,975	2,641,470	418,710	406,678	3,478,833
Gross receivables	412,530	55,280	-	-	-	467,810
Less allowance	1,096,732	105,708	2,641,470	418,710	406,678	4,669,298
	(602,036)	-	(957,791)	(30,299)	(157,601)	(1,747,727)
Net receivables	\$ 494,696	\$ 105,708	\$ 1,683,679	\$ 388,411	\$ 249,077	\$ 2,921,571

Property Taxes

Property taxes were levied on September 15, 2015 based upon property values assessed as of January 1. The billings were mailed on September 16, 2015 and were payable on or before November 16, 2015, after which the applicable property is subject to lien and penalties and interest are assessed. The City bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2016 and collected by October 31, 2016, are recognized as revenues in the year ended August 31, 2016. Net receivables estimated to be collected subsequent to October 31, 2016, are deferred as of August 31, 2016 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during fiscal year 2016 for the City's operations was 15.69 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended August 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 691,851	\$ -	\$ -	\$ -	\$ 691,851
Construction in progress	1,115,150	236,078	-	(503,500)	847,728
Total capital assets, not being depreciated	1,807,001	236,078	-	(503,500)	1,539,579
Capital assets, being depreciated:					
Buildings, grounds, and improvements	11,331,300	-	-	-	11,331,300
Machinery and equipment	1,125,285	21,196	-	31,652	1,178,133
Infrastructure	13,220,438	-	-	471,848	13,692,286
Vehicles	4,159,175	191,564	(130,957)	-	4,219,782
Total capital assets, being depreciated	29,836,198	212,760	(130,957)	503,500	30,421,501
Less accumulated depreciation for:					
Buildings, grounds, and improvements	(4,853,386)	(278,717)	-	-	(5,132,103)
Machinery and equipment	(806,277)	(83,108)	-	-	(889,385)
Infrastructure	(7,307,461)	(372,283)	-	-	(7,679,744)
Vehicles	(3,132,601)	(186,783)	130,957	-	(3,188,427)
Total accumulated depreciation	(16,099,725)	(920,891)	130,957	-	(16,889,659)
Total capital assets, being depreciated, net	13,736,473	(708,131)	-	503,500	13,531,842
Governmental activities capital assets, net	\$ 15,543,474	\$ (472,053)	\$ -	\$ -	\$ 15,071,421

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 493,194	\$ -	\$ -	\$ -	\$ 493,194
Total capital assets, not being depreciated	493,194	-	-	-	493,194
Capital assets, being depreciated:					
Distribution system	18,757,841	-	-	-	18,757,841
Machinery and equipment	173,418	36,780	-	-	210,198
Infrastructure	940,937	-	-	-	940,937
Wastewater treatment capacity	6,374,612	-	-	-	6,374,612
Vehicles	216,309	39,571	-	-	255,880
Total capital assets, being depreciated	26,463,117	76,351	-	-	26,539,468
Less accumulated depreciation for:					
Distribution system	(8,904,528)	(379,515)	-	-	(9,284,043)
Machinery and equipment	(155,108)	(8,167)	-	-	(163,275)
Infrastructure	(142,294)	(45,757)	-	-	(188,051)
Wastewater treatment capacity	(885,363)	(424,974)	-	-	(1,310,337)
Vehicles	(161,593)	(14,515)	-	-	(176,108)
Total accumulated depreciation	(10,248,886)	(872,928)	-	-	(11,121,814)
Total capital assets, being depreciated, net	16,214,231	(796,577)	-	-	15,417,654
Business-type activities capital assets, net	\$ 16,707,425	\$ (796,577)	\$ -	\$ -	\$ 15,910,848

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

Governmental activities:	
General government	\$ 24,134
Judicial	85,152
Public safety	312,084
Public works	370,819
Parks and recreation	128,702
Total depreciation expense - governmental activities	<u>\$ 920,891</u>
Business-type activities:	
Water and Sewerage	\$ 811,846
Stormwater	61,082
Total depreciation expense - business-type activities	<u>\$ 872,928</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 286,986	\$ -	\$ -	\$ -	\$ 286,986
Total capital assets, not being depreciated	286,986	-	-	-	286,986
Capital assets, being depreciated:					
Buildings, grounds, and improvements	11,282,640	-	-	-	11,282,640
Furniture	286,079	-	-	-	286,079
Machinery and equipment	126,902	-	-	-	126,902
Infrastructure	11,733	-	-	-	11,733
Total capital assets, being depreciated	11,707,354	-	-	-	11,707,354
Less accumulated depreciation for:					
Buildings, grounds, and improvements	(3,669,324)	(232,493)	-	-	(3,901,817)
Furniture	(216,008)	(14,304)	-	-	(230,312)
Machinery and equipment	(108,684)	(4,554)	-	-	(113,238)
Infrastructure	(11,728)	-	-	-	(11,728)
Total accumulated depreciation	(4,005,744)	(251,351)	-	-	(4,257,095)
Total capital assets, being depreciated, net	7,701,610	(251,351)	-	-	7,450,259
Capital assets, net	<u>\$ 7,988,596</u>	<u>\$ (251,351)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,737,245</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

General obligation bonds outstanding at August 31, 2016, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2016
2010 Certificates of Participation	3,310,000	2.83% - 3.25%	\$ 1,255,000
2014 General Obligation Bonds	8,560,000	2.00% - 4.00%	8,485,000
	<u>\$ 11,870,000</u>		<u>\$ 9,740,000</u>

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

Fiscal Year Ending August 31,	Principal	Interest	Total
2017	\$ 1,135,000	\$ 295,388	\$ 1,430,388
2018	1,510,000	261,856	1,771,856
2019	750,000	227,625	977,625
2020	775,000	205,125	980,125
2021	815,000	181,875	996,875
2022-2026	4,755,000	522,800	5,277,800
	<u>\$ 9,740,000</u>	<u>\$ 1,694,669</u>	<u>\$ 11,434,669</u>

B. Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-like activities and are reported in the business-type column of the government-wide statements. Principal and interest are payable from enterprise fund revenue (the City's Water and Sewerage Fund).

The City's 2012 Water and Sewerage Revenue Bonds were issued in April 2012 for the purpose of a) making certain additions, extensions and improvements to the City's water system; b) funding a debt service reserve for the bonds; and c) paying the cost of issuing the bonds. The bonds are special limited obligations of the City secured by and payable solely from a first lien on and pledge of revenues derived by the City from the ownership and operation of the City's water system. These bonds are due on July 1, 2032.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

B. Revenue Bonds (Continued)

Revenue bonds outstanding at August 31, 2016, are as follows:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance August 31, 2016</u>
2012 Water and Sewerage Revenue Bonds	\$ 11,275,000	2.0 - 4.0%	\$ 9,490,000

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

<u>Fiscal Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 470,000	\$ 322,625	\$ 792,625
2018	480,000	310,875	790,875
2019	495,000	298,875	793,875
2020	505,000	284,025	789,025
2021	525,000	268,875	793,875
2022-2026	2,865,000	1,094,650	3,959,650
2027-2031	3,390,000	562,600	3,952,600
2032	760,000	30,400	790,400
	<u>\$ 9,490,000</u>	<u>\$ 3,172,925</u>	<u>\$ 12,662,925</u>

C. Capital Leases

During 2009, the City entered into a capital lease agreement with a local financial institution to finance the purchase of a new fire truck. Annual lease payments are due including interest at 3.53% in the amount of \$101,790 through January 15, 2019. As of August 31, 2016, the City reflects a total cost of leased assets of \$854,000 and accumulated depreciation of \$427,000. Total accumulated depreciation of leased assets under capital lease includes current year depreciation expense of \$56,932.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2016, were as follows:

Fiscal Year Ending August 31,	Governmental Activities
2017	\$ 101,790
2018	101,790
2019	101,790
Total minimum lease payments	305,370
Less: amount representing interest	(20,387)
Present value of minimum lease payments	<u>\$ 284,983</u>

D. Changes in Long-Term Liabilities- Primary Government

Long-term liability activity for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,110,000	\$ -	\$ (1,370,000)	\$ 9,740,000	\$ 1,135,000
Plus: Premium	528,689	-	(89,529)	439,160	-
Total bonds payable	11,638,689	-	(1,459,529)	10,179,160	1,135,000
Capital lease	373,584	-	(88,601)	284,983	91,729
Net pension liability	5,133,668	2,603,427	(1,046,921)	6,690,174	-
Claims payable	323,745	235,546	(323,745)	235,546	235,546
Compensated absences	295,435	484,526	(456,875)	323,086	323,086
Governmental activity Long-term liabilities	<u>\$ 17,765,121</u>	<u>\$ 3,323,499</u>	<u>\$ (3,375,671)</u>	<u>\$ 17,712,949</u>	<u>\$ 1,785,361</u>
Business-type activities:					
Revenue bonds	\$ 9,950,000	\$ -	\$ (460,000)	\$ 9,490,000	\$ 470,000
Less: Discount	(122,167)	-	11,698	(110,469)	-
Total bonds payable	9,827,833	-	(448,302)	9,379,531	470,000
Net pension liability	476,742	226,385	(104,603)	598,524	-
Compensated absences	31,796	41,540	(44,791)	28,545	28,545
Business-type activity Long-term liabilities	<u>\$ 10,336,371</u>	<u>\$ 267,925</u>	<u>\$ (597,696)</u>	<u>\$ 10,006,600</u>	<u>\$ 498,545</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

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

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

E. Component Unit

In November 2012, the Authority issued Taxable Refunding Revenue Bonds, Series 2012 for the purposes of (1) refunding the Authority's previously issued Taxable Refunding Revenue Bonds, Series 2008, (2) paying certain operating costs of the jail owned by the Authority, and (3) paying the costs of issuing the 2012 Series Bonds. The Authority's revenue bonds outstanding at August 31, 2016, are as follows:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance August 31, 2016</u>
2012 South Fulton Municipal Jail Authority Refunding Revenue Bonds	\$ 13,350,000	3.65%	\$ 12,455,000

Annual debt service requirements to maturity for the Authority's bonds are as listed below. The following maturity schedule was based on the rate as of year-end.

<u>Fiscal Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 305,000	\$ 477,230	\$ 782,230
2018	310,000	472,126	782,126
2019	315,000	465,877	780,877
2020	325,000	458,393	783,393
2021	620,000	445,338	1,065,338
2022-2026	3,435,000	1,898,423	5,333,423
2027-2031	4,165,000	1,154,448	5,319,448
2032-2034	2,980,000	211,542	3,191,542
	<u>\$ 12,455,000</u>	<u>\$ 5,583,377</u>	<u>\$ 18,038,377</u>

Long-term liability activity for the Authority for the year ended August 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 12,755,000	\$ -	\$ (300,000)	\$ 12,455,000	\$ 305,000

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Plan Membership. As of January 1, 2016, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	107
Active plan members	<u>156</u>
Total membership in the plan	<u><u>318</u></u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended August 31, 2016, the City's contribution rate was 18.42% of annual payroll. City contributions to the Plan were \$865,396 for the year ended August 31, 2016.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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
Cash	—%	
Total	100%	

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

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended August 31, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2015	\$ 19,410,669	\$ 13,800,259	\$ 5,610,410
<i>Changes for the year:</i>			
Service cost	364,644	-	364,644
Interest	1,472,322	-	1,472,322
Differences between expected and actual experience	968,158	-	968,158
Contributions—employer	-	1,006,474	(1,006,474)
Net investment income	-	145,050	(145,050)
Benefit payments, including refunds of employee contributions	(825,925)	(825,925)	-
Administrative expense	-	(24,688)	24,688
<i>Net changes</i>	1,979,199	300,911	1,678,288
Balances at August 31, 2016	\$ 21,389,868	\$ 14,101,170	\$ 7,288,698

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City of Union City's net pension liability	\$ 10,576,140	\$ 7,288,698	\$ 4,589,763

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2015, and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended August 31, 2016, the City recognized pension expense of \$1,094,293. At August 31, 2016, 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	\$ 974,818	\$ -
Changes in assumptions	-	(142,374)
Net difference between projected and actual earnings on pension plan investments	471,884	-
City contributions subsequent to the measurement date	865,395	-
Total	<u>\$ 2,312,097</u>	<u>\$ (142,374)</u>

City contributions subsequent to the measurement date of \$865,395 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending August 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending June 30:	
2017	\$ 308,199
2018	308,199
2019	308,199
2020	379,731
Total	<u>\$ 1,304,328</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED CONTRIBUTION PLAN

The City offers its employees a defined contribution plan administered by Citistreet Associates created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to contribute an amount equal to 100% up to the first 2% an employee defers, 75% of the next 2%, and 50% of the next 6% deferred. Employers' contributions are fully vested after the participant completes three full years of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Pursuant to GASB Statement Number 32 of the *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements. Contributions are established and may be amended by the City Council. The City's contribution to the Plan approximated \$243,133 and the employees' contributions approximated \$326,404 for the year ended August 31, 2016.

NOTE 9. DEFICIT FUND BALANCE

The 2006 General Obligation Bond Fund reported a deficit fund balance in the amount of \$15,036 as of August 31, 2016. This deficit will be reduced in future years by reduced debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2016, are as follows:

<u>Due To</u>	<u>Due From Nonmajor Governmental</u>
General Fund	\$ 195,100
Total	<u>\$ 195,100</u>

Interfund receivables and payables result from timing differences related to collection of taxes in Special Revenue Funds and payroll and other year-end transactions in enterprise funds, which normally clear within one to two months. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

Interfund transfers for the year ended August 31, 2016, consisted of the following:

<u>Transfer to</u>				
<u>Transfer from</u>	<u>General</u>	<u>Water and Sewerage</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 185,547	\$ 2,672,967	\$ 2,858,514
Nonmajor Governmental	337,574	-	-	337,574
Stormwater Fund	132,291	-	-	132,291
Nonmajor Enterprise	117,300	-	-	117,300
Total	<u>\$ 587,165</u>	<u>\$ 185,547</u>	<u>\$ 2,672,967</u>	<u>\$ 3,445,679</u>

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 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2016, \$290,409 of hotel/motel tax was collected. Of the total collected in the current and prior years, \$290,409 was used for the promotion of tourism within the City. The remainder of the funds collected in prior years remains unspent at year-end.

NOTE 12. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the Official Code of Georgia Annotated (OCGA) Section 48-13-93. The code section requires the City to spend the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc. and promoting the City and businesses therein. For the fiscal year ended August 31, 2016, \$163,329 of excise tax was collected and used to pay for tourism outlays within the City.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay dues thereto. During its year ending August 31, 2016, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the 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. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland St. NE, Atlanta, Georgia 30303.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINTLY GOVERNED ORGANIZATION

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

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the year ended August 31, 2016, the City agreed to pay the Water and Sewer Authority \$1,242,821 for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewerage Fund.

As of December 31, 2014, the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using a variable interest rate of 3-5%:

Fiscal Year Ending December 31,	Total	Principal	Interest
2015	\$ 1,541,775	\$ 100,000	\$ 1,441,775
2016	2,573,025	1,150,000	1,423,025
2017	2,597,625	1,210,000	1,387,625
2018	2,620,425	1,270,000	1,350,425
2019	2,646,350	1,335,000	1,311,350
2020 - 2024	13,588,400	7,920,000	5,668,400
2025 - 2029	14,267,788	10,680,000	3,587,788
2030 - 2033	11,876,450	10,920,000	956,450
	<u>\$ 51,711,838</u>	<u>\$ 34,585,000</u>	<u>\$ 17,126,838</u>

Separate financial statements for the Water and Sewer Authority can be obtained at the following address: South Fulton Municipal Regional Water and Sewer Authority, P.O. Box 855, Fairburn, Georgia 30213.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RELATED ORGANIZATION

The City's governing body is responsible for appointing a majority of the board members of the City of Union City Housing Authority. However, the City has no further accountability for this organization.

NOTE 16. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

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

NOTE 17. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 17. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 18. OTHER POST-EMPLOYMENT BENEFITS

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 364,644	\$ 445,614
Interest on total pension liability	1,472,322	1,380,840
Differences between expected and actual experience	968,158	333,822
Changes of assumptions	-	(237,288)
Benefit payments, including refunds of employee contributions	<u>(825,925)</u>	<u>(659,221)</u>
Net change in total pension liability	1,979,199	1,263,767
Total pension liability - beginning	19,410,669	18,146,902
Total pension liability - ending (a)	<u>\$ 21,389,868</u>	<u>\$ 19,410,669</u>
 Plan fiduciary net position		
Contributions - employer	1,006,474	942,047
Net investment income	145,050	1,404,681
Benefit payments, including refunds of employee contributions	(825,925)	(659,221)
Administrative expenses	<u>(24,688)</u>	<u>(20,144)</u>
Net change in plan fiduciary net position	300,911	1,667,363
Plan fiduciary net position - beginning	13,800,259	12,132,896
Plan fiduciary net position - ending (b)	<u>\$ 14,101,170</u>	<u>\$ 13,800,259</u>
 City's net pension liability - ending (a) - (b)	<u>\$ 7,288,698</u>	<u>\$ 5,610,410</u>
 Plan fiduciary net position as a percentage of the total pension liability	65.92%	71.10%
 Covered-employee payroll	\$ 6,490,346	\$ 6,121,491
 City's net pension liability as a percentage of covered-employee payroll	112.30%	91.65%

Notes to the Schedule

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

**CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	\$ 1,169,509	\$ 1,241,986
Contributions in relation to the actuarially determined contribution	1,006,474	942,047
Contribution deficiency (excess)	\$ 163,035	\$ 299,939
Covered-employee payroll	6,490,346	6,121,491
Contributions as a percentage of Covered-employee payroll	15.5%	15.4%

Notes to the Schedule

Valuation Date	January 1, 2016
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 Adjustment	3.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years

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

COMBINING STATEMENTS AND SCHEDULES

CITY OF UNION CITY, GEORGIA NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

The **Capital Grants Fund** accounts for various capital projects of the City. Funding is provided by state and federal agencies and transfers from the General Fund.

The **2006 General Obligation Bonds Capital Projects Fund** accounts for the issuance of the 2006 general obligation bonds and its related acquisition and construction of capital facilities.

The **CDBG Fund** accounts for various community capital projects of the City. Funding is provided by state and federal agencies and transfers from the General Fund.

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

**CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

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

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

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

CITY OF UNION CITY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016**

	Special Revenue Funds						
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/ Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
ASSETS							
Cash and cash equivalents	\$ 20,325	\$ 20,702	\$ 461,169	\$ 587	\$ 267,736	\$ 55,820	\$ 199,510
Taxes receivable	-	13,211	25,242	-	-	-	-
Accounts receivable	-	-	-	11,975	-	-	-
Due from other governments	-	-	-	-	-	-	280
Prepaid expenditures	-	-	-	165,170	-	-	-
Total assets	<u>\$ 20,325</u>	<u>\$ 33,913</u>	<u>\$ 486,411</u>	<u>\$ 177,732</u>	<u>\$ 267,736</u>	<u>\$ 55,820</u>	<u>\$ 199,790</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 102,161	\$ 7,398	\$ -	\$ 4,053	\$ 24,159
Due to others	-	-	-	-	71,891	-	-
Due to other funds	-	-	-	150,000	100	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>102,161</u>	<u>157,398</u>	<u>71,991</u>	<u>4,053</u>	<u>24,159</u>
FUND BALANCES (DEFICIT)							
Nonspendable:							
Prepaid expenditures	-	-	-	165,170	-	-	-
Restricted for:							
Law enforcement	20,325	-	-	-	-	-	175,631
Economic development	-	33,913	384,250	-	-	-	-
Other capital projects	-	-	-	-	-	51,767	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Public safety - jail	-	-	-	-	195,745	-	-
Unassigned	-	-	-	(144,836)	-	-	-
Total fund balances (deficit)	<u>20,325</u>	<u>33,913</u>	<u>384,250</u>	<u>20,334</u>	<u>195,745</u>	<u>51,767</u>	<u>175,631</u>
Total liabilities and fund balances	<u>\$ 20,325</u>	<u>\$ 33,913</u>	<u>\$ 486,411</u>	<u>\$ 177,732</u>	<u>\$ 267,736</u>	<u>\$ 55,820</u>	<u>\$ 199,790</u>

Capital Projects Funds				Debt Service Funds			Totals
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	
\$ 448,481	\$ 16,598	\$ 336	\$ 629,334	\$ 1,627	3,112	\$ 322,981	\$ 2,448,318
-	-	-	-	-	-	-	38,453
-	-	-	-	-	-	-	11,975
-	-	55,000	-	-	-	-	55,280
-	-	-	-	-	-	-	165,170
<u>\$ 448,481</u>	<u>\$ 16,598</u>	<u>\$ 55,336</u>	<u>\$ 629,334</u>	<u>\$ 1,627</u>	<u>\$ 3,112</u>	<u>\$ 322,981</u>	<u>\$ 2,719,196</u>
\$ 27,884	\$ 31,634	\$ -	\$ 12,718	\$ 158	\$ -	\$ -	\$ 210,165
-	-	-	-	-	-	-	71,891
-	-	45,000	-	-	-	-	195,100
<u>27,884</u>	<u>31,634</u>	<u>45,000</u>	<u>12,718</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>477,156</u>
-	-	-	-	-	-	-	165,170
-	-	-	-	-	-	-	195,956
-	-	-	-	-	-	-	418,163
420,597	-	10,336	616,616	-	-	-	1,099,316
-	-	-	-	1,469	3,112	322,981	327,562
-	-	-	-	-	-	-	195,745
-	(15,036)	-	-	-	-	-	(159,872)
<u>420,597</u>	<u>(15,036)</u>	<u>10,336</u>	<u>616,616</u>	<u>1,469</u>	<u>3,112</u>	<u>322,981</u>	<u>2,242,040</u>
<u>\$ 448,481</u>	<u>\$ 16,598</u>	<u>\$ 55,336</u>	<u>\$ 629,334</u>	<u>\$ 1,627</u>	<u>\$ 3,112</u>	<u>\$ 322,981</u>	<u>\$ 2,719,196</u>

(Concluded)

CITY OF UNION CITY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Special Revenue Funds						
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/ Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
Revenues:							
Other taxes	\$ -	\$ 163,329	\$ 290,409	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	249,051	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	373,266
Interest revenue	35	-	-	-	-	-	257
Total revenues	35	163,329	290,409	249,051	-	-	373,523
Expenditures:							
Current							
Public safety	5,356	-	-	610,126	113	-	25,271
Public works	-	-	-	-	-	-	471,075
Economic development	-	-	116,164	-	-	-	-
Capital outlay	-	-	-	-	-	4,053	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	5,356	-	116,164	610,126	113	4,053	496,346
Excess (deficiency) of revenues over (under) expenditures	(5,321)	163,329	174,245	(361,075)	(113)	(4,053)	(122,823)
Other financing sources (uses)							
Transfers in	16,049	-	-	361,075	-	-	120,327
Transfers out	-	(163,329)	(174,245)	-	-	-	-
Total other financing sources (uses)	16,049	(163,329)	(174,245)	361,075	-	-	120,327
Net change in fund balances	10,728	-	-	-	(113)	(4,053)	(2,496)
Fund balances (deficit), beginning of year	9,597	33,913	384,250	20,334	195,858	55,820	178,127
Fund balances (deficit), end of year	\$ 20,325	\$ 33,913	\$ 384,250	\$ 20,334	\$ 195,745	\$ 51,767	\$ 175,631

Capital Projects Funds				Debt Service Funds			Totals
Capital Grants Fund	2006 General Obligation Bond	CDBG Fund	Capital Projects Fund	2010 General Obligation Bond	2014 General Obligation Bond	2010 Certificate of Participation	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,738
-	-	-	-	-	-	-	249,051
147,346	-	55,000	-	-	-	-	575,612
-	-	-	-	-	-	219	511
147,346	-	55,000	-	-	-	219	1,278,912
-	-	-	-	-	-	-	640,866
-	-	-	-	-	-	-	471,075
-	-	-	-	-	-	-	116,164
221,078	241,820	55,000	213,081	-	-	-	735,032
-	-	-	-	305,000	645,000	420,000	1,370,000
-	-	-	-	4,733	291,325	47,638	343,696
221,078	241,820	55,000	213,081	309,733	936,325	467,638	3,676,833
(73,732)	(241,820)	-	(213,081)	(309,733)	(936,325)	(467,419)	(2,397,921)
248,252	-	10,000	200,000	310,370	939,475	467,419	2,672,967
-	-	-	-	-	-	-	(337,574)
248,252	-	10,000	200,000	310,370	939,475	467,419	2,335,393
174,520	(241,820)	10,000	(13,081)	637	3,150	-	(62,528)
246,077	226,784	336	629,697	832	(38)	322,981	2,304,568
\$ 420,597	\$ (15,036)	\$ 10,336	\$ 616,616	\$ 1,469	\$ 3,112	\$ 322,981	\$ 2,242,040
(Concluded)							

**CITY OF UNION CITY, GEORGIA
FEDERAL SEIZED FUNDS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 35	\$ 35
Total revenues	-	-	35	35
EXPENDITURES				
Public safety	15,000	15,000	5,356	9,644
Total expenditures	15,000	15,000	5,356	9,644
Deficiency of revenues under expenditures	(15,000)	(15,000)	(5,321)	9,679
Other financing sources:				
Transfers in	-	-	16,049	16,049
Total other financing sources	-	-	16,049	16,049
Net change in fund balance	(15,000)	(15,000)	10,728	25,728
FUND BALANCES, beginning of year	9,597	9,597	9,597	-
FUND BALANCES (DEFICITS), end of year	<u>\$ (5,403)</u>	<u>\$ (5,403)</u>	<u>\$ 20,325</u>	<u>\$ 25,728</u>

**CITY OF UNION CITY, GEORGIA
VEHICLE RENTAL EXCISE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 157,000	\$ 163,329	\$ 163,329	\$ -
Other financing uses				
Transfers out	(157,000)	(163,329)	(163,329)	-
Total other financing uses	(157,000)	(163,329)	(163,329)	-
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	33,913	33,913	33,913	-
FUND BALANCES, end of year	<u>\$ 33,913</u>	<u>\$ 33,913</u>	<u>\$ 33,913</u>	<u>\$ -</u>

CITY OF UNION CITY, GEORGIA
HOTEL/MOTEL TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 285,000	\$ 285,000	\$ 290,409	\$ 5,409
EXPENDITURES				
Economic development	552,766	492,520	116,164	376,356
Total expenditures	552,766	492,520	116,164	376,356
Excess (deficiency) of revenues over (under) expenditures	(267,766)	(207,520)	174,245	381,765
Other financing uses				
Transfers out	(114,000)	(174,246)	(174,245)	1
Total other financing uses	(114,000)	(174,246)	(174,245)	1
Net change in fund balance	(381,766)	(381,766)	-	381,766
FUND BALANCES, beginning of year	384,250	384,250	384,250	-
FUND BALANCES, end of year	<u>\$ 2,484</u>	<u>\$ 2,484</u>	<u>\$ 384,250</u>	<u>\$ 381,766</u>

**CITY OF UNION CITY, GEORGIA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 273,000	\$ 273,000	\$ 249,051	\$ (23,949)
Total revenues	<u>273,000</u>	<u>273,000</u>	<u>249,051</u>	<u>(23,949)</u>
EXPENDITURES				
Public safety	616,060	616,060	610,126	5,934
Total expenditures	<u>616,060</u>	<u>616,060</u>	<u>610,126</u>	<u>5,934</u>
Deficiency of revenues under expenditures	<u>(343,060)</u>	<u>(343,060)</u>	<u>(361,075)</u>	<u>(18,015)</u>
Other financing sources				
Transfers in	343,060	343,060	361,075	18,015
Total other financing sources	<u>343,060</u>	<u>343,060</u>	<u>361,075</u>	<u>18,015</u>
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	<u>20,334</u>	<u>20,334</u>	<u>20,334</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 20,334</u>	<u>\$ 20,334</u>	<u>\$ 20,334</u>	<u>\$ -</u>

**CITY OF UNION CITY, GEORGIA
INMATE WELFARE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Public safety	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 113</u>	<u>\$ -</u>
Total expenditures	<u>-</u>	<u>113</u>	<u>113</u>	<u>-</u>
Net change in fund balance	-	(113)	(113)	-
FUND BALANCES, beginning of year	<u>195,858</u>	<u>195,858</u>	<u>195,858</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ 195,858</u></u>	<u><u>\$ 195,745</u></u>	<u><u>\$ 195,745</u></u>	<u><u>\$ -</u></u>

**CITY OF UNION CITY, GEORGIA
TAX ALLOCATION DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Capital outlay	\$ 55,820	\$ 55,820	\$ 4,053	\$ 51,767
Total expenditures	<u>55,820</u>	<u>55,820</u>	<u>4,053</u>	<u>51,767</u>
Other financing sources				
Transfers in	55,820	55,820	-	(55,820)
Total other financing sources	<u>55,820</u>	<u>55,820</u>	<u>-</u>	<u>(55,820)</u>
Net change in fund balance	-	-	(4,053)	(4,053)
FUND BALANCES, beginning of year	<u>55,820</u>	<u>55,820</u>	<u>55,820</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 55,820</u>	<u>\$ 55,820</u>	<u>\$ 51,767</u>	<u>\$ (4,053)</u>

**CITY OF UNION CITY, GEORGIA
MULTIPLE OPERATING GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental revenue	\$ 861,878	\$ 861,878	\$ 373,266	\$ (488,612)
Interest revenue	-	-	257	257
Total revenues	<u>861,878</u>	<u>861,878</u>	<u>373,523</u>	<u>(488,355)</u>
EXPENDITURES				
Public safety	766,406	766,406	25,271	741,135
Public works	508,868	508,868	471,075	37,793
Total expenditures	<u>1,275,274</u>	<u>1,275,274</u>	<u>496,346</u>	<u>778,928</u>
Deficiency of revenues under expenditures	<u>(413,396)</u>	<u>(413,396)</u>	<u>(122,823)</u>	<u>290,573</u>
Other financing sources:				
Transfers in	120,327	120,327	120,327	-
Total other financing sources	<u>120,327</u>	<u>120,327</u>	<u>120,327</u>	<u>-</u>
Net change in fund balance	(293,069)	(293,069)	(2,496)	290,573
FUND BALANCES, beginning of year	<u>178,127</u>	<u>178,127</u>	<u>178,127</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ (114,942)</u></u>	<u><u>\$ (114,942)</u></u>	<u><u>\$ 175,631</u></u>	<u><u>\$ 290,573</u></u>

**CITY OF UNION CITY, GEORGIA
2010 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Debt service				
Principal	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
Interest	5,370	5,370	4,733	637
Total expenditures	<u>310,370</u>	<u>310,370</u>	<u>309,733</u>	<u>637</u>
Deficiency of revenues under expenditures	<u>(310,370)</u>	<u>(310,370)</u>	<u>(309,733)</u>	<u>637</u>
Other financing sources				
Transfers in	310,370	310,370	310,370	-
Total other financing sources	<u>310,370</u>	<u>310,370</u>	<u>310,370</u>	<u>-</u>
Net change in fund balance	-	-	637	637
FUND BALANCES, beginning of year	<u>832</u>	<u>832</u>	<u>832</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 832</u>	<u>\$ 832</u>	<u>\$ 1,469</u>	<u>\$ 637</u>

CITY OF UNION CITY, GEORGIA
2014 GENERAL OBLIGATION BOND FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Debt service				
Principal	\$ 645,000	\$ 645,000	\$ 645,000	\$ -
Interest	294,475	294,475	291,325	3,150
Total expenditures	<u>939,475</u>	<u>939,475</u>	<u>936,325</u>	<u>3,150</u>
Deficiency of revenues under expenditures	<u>(939,475)</u>	<u>(939,475)</u>	<u>(936,325)</u>	<u>3,150</u>
Other financing sources				
Transfers in	<u>939,475</u>	<u>939,475</u>	<u>939,475</u>	<u>-</u>
Total other financing sources	<u>939,475</u>	<u>939,475</u>	<u>939,475</u>	<u>-</u>
Net change in fund balance	-	-	3,150	3,150
FUND BALANCES, beginning of year	<u>(38)</u>	<u>(38)</u>	<u>(38)</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ (38)</u></u>	<u><u>\$ (38)</u></u>	<u><u>\$ 3,112</u></u>	<u><u>\$ 3,150</u></u>

CITY OF UNION CITY, GEORGIA
2010 CERTIFICATE OF PARTICIPATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest revenues	\$ 75	\$ 75	\$ 219	\$ 144
Total revenues	<u>75</u>	<u>75</u>	<u>219</u>	<u>144</u>
EXPENDITURES				
Debt service				
Principal	420,000	420,000	420,000	-
Interest	47,638	47,638	47,638	-
Total expenditures	<u>467,638</u>	<u>467,638</u>	<u>467,638</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(467,563)</u>	<u>(467,563)</u>	<u>(467,419)</u>	<u>144</u>
Other financing sources				
Transfers in	<u>467,563</u>	<u>467,563</u>	<u>467,419</u>	<u>(144)</u>
Net change in fund balance	-	-	-	-
FUND BALANCES, beginning of year	<u>322,981</u>	<u>322,981</u>	<u>322,981</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 322,981</u>	<u>\$ 322,981</u>	<u>\$ 322,981</u>	<u>\$ -</u>

**CITY OF UNION CITY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

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

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2016

	Criminal Justice Management Fund	Sanitation Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 581,590	\$ 199,825	\$ 781,415
Due from others	169	-	169
Accounts receivable, net of allowances	-	249,077	249,077
Total assets	<u>581,759</u>	<u>448,902</u>	<u>1,030,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	5,167	-	5,167
Pension investment return	2,620	-	2,620
Pension contributions subsequent to measurement date	4,418	-	4,418
Total deferred outflows of resources	<u>12,205</u>	<u>-</u>	<u>12,205</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	50,029	97,592	147,621
Accrued liabilities	2,632	-	2,632
Compensated absences	1,697	-	1,697
Due to component unit	293,350	-	293,350
Total current liabilities	<u>347,708</u>	<u>97,592</u>	<u>445,300</u>
NONCURRENT LIABILITIES			
Net pension liability	37,758	-	37,758
Total liabilities	<u>385,466</u>	<u>97,592</u>	<u>483,058</u>
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	718	-	718
Total deferred inflows of resources	<u>718</u>	<u>-</u>	<u>718</u>
NET POSITION			
Unrestricted	207,780	351,310	559,090
Total net position	<u>\$ 207,780</u>	<u>\$ 351,310</u>	<u>\$ 559,090</u>

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Criminal Justice Management Fund	Sanitation Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 560,556	\$ 1,060,682	\$ 1,621,238
Other charges	-	85,066	85,066
Total operating revenues	<u>560,556</u>	<u>1,145,748</u>	<u>1,706,304</u>
OPERATING EXPENSES			
Purchased or contracted services	627,205	865,995	1,493,200
Total operating expenses	<u>627,205</u>	<u>865,995</u>	<u>1,493,200</u>
Operating income (loss)	(66,649)	279,753	213,104
TRANSFERS			
Transfers out	-	(117,300)	(117,300)
Total transfers	<u>-</u>	<u>(117,300)</u>	<u>(117,300)</u>
Change in net position	(66,649)	162,453	95,804
NET POSITION, beginning of year	<u>274,429</u>	<u>188,857</u>	<u>463,286</u>
NET POSITION, end of year	<u>\$ 207,780</u>	<u>\$ 351,310</u>	<u>\$ 559,090</u>

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

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Criminal Justice Management Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 559,869	\$ 1,035,214	\$ 1,595,083
Payments to suppliers	(666,775)	(869,836)	(1,536,611)
Net cash provided by (used in) operating activities	(106,906)	165,378	58,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	(117,300)	(117,300)
Net cash used in noncapital financing activities	-	(117,300)	(117,300)
Change in cash and cash equivalents	(106,906)	48,078	(58,828)
Cash and cash equivalents:			
Beginning of year	688,496	151,747	840,243
End of year	<u>\$ 581,590</u>	<u>\$ 199,825</u>	<u>\$ 781,415</u>

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

(Continued)

CITY OF UNION CITY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Criminal Justice Management Fund	Sanitation Fund	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (66,649)	\$ 279,753	\$ 213,104
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	-	(110,534)	(110,534)
Increase in due from others	(169)	-	(169)
Decrease in accounts payable	(40,932)	(3,841)	(44,773)
Increase in accrued liabilities	514	-	514
Decrease in due to component unit	(518)	-	(518)
Increase in net pension liability	848	-	848
Net cash provided by (used in) operating activities	<u>\$ (106,906)</u>	<u>\$ 165,378</u>	<u>\$ 58,472</u>

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

**CITY OF UNION CITY, GEORGIA
FIDUCIARY FUND**

AGENCY FUND

The **Municipal Court Fund** accounts for the collections of cash appearance bonds by the Municipal Court.

CITY OF UNION CITY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUND FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Balance September 1, 2015	Additions	Deletions	Balance August 31, 2016
MUNICIPAL COURT FUND				
ASSETS				
Cash and cash equivalents	\$ 27,667	\$ 1,388,194	\$ 1,391,658	\$ 24,203
Total assets	<u>27,667</u>	<u>1,388,194</u>	<u>1,391,658</u>	<u>24,203</u>
LIABILITIES				
Due to others	27,667	1,388,194	1,391,658	24,203
Total liabilities	<u>\$ 27,667</u>	<u>\$ 1,388,194</u>	<u>\$ 1,391,658</u>	<u>\$ 24,203</u>

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

COMPONENT UNIT

CITY OF UNION CITY, GEORGIA

STATEMENT OF CASH FLOWS

COMPONENT UNIT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 783,770
Refunds of prepaid expenditures	682,800
Net cash provided by operating activities	<u>1,466,570</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on bonds	(300,000)
Interest paid	(480,962)
Net cash used in capital and related financing activities	<u>(780,962)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	65
Net cash provided by investing activities	<u>65</u>

Change in cash and cash equivalents	685,673
-------------------------------------	---------

Cash and cash equivalents:

Beginning of year	<u>478,338</u>
End of year	<u><u>\$ 1,164,011</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 530,650
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	251,351
Changes in assets and liabilities:	
Decrease in due from primary government	518
Increase in accounts payable	51
Decrease in due to primary government	684,000
Net cash provided by operating activities	<u><u>\$ 1,466,570</u></u>

STATISTICAL SECTION

This part of the City of Union City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	81 - 87
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	88 - 91
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity.....	92 - 96
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	97 and 98
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information.....	99 - 101
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year.

CITY OF UNION CITY, GEORGIA

NET POSITION BY ACTIVITY LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 8,494,912	\$ 7,689,065	\$ 5,125,892	\$ 4,350,167	\$ 2,298,610	\$ 2,363,313	\$ 2,046,237	\$ 3,597,239	\$ 3,531,201	\$ 5,049,949
Restricted	10,858,756	9,279,559	6,867,079	4,645,673	857,484	1,478,182	1,734,932	1,879,206	2,088,414	2,040,997
Unrestricted	(774,996)	792,593	2,179,160	2,692,528	3,697,905	1,603,503	(102,458)	1,903,353	2,254,399	5,350,512
Total governmental activities net position	<u>\$ 18,578,672</u>	<u>\$ 17,761,217</u>	<u>\$ 14,172,131</u>	<u>\$ 11,688,368</u>	<u>\$ 6,853,999</u>	<u>\$ 5,444,998</u>	<u>\$ 3,678,711</u>	<u>\$ 7,379,798</u>	<u>\$ 7,874,014</u>	<u>\$ 12,441,458</u>
Business-type activities										
Net investment in capital assets	\$ 7,532,452	\$ 7,440,803	\$ 7,463,759	\$ 12,298,174	\$ 11,905,504	\$ 9,993,975	\$ 10,385,111	\$ 8,901,118	\$ 7,991,837	\$ 7,209,006
Restricted	4,243,140	3,033,885	2,455,231	-	-	-	925,910	2,059,130	1,970,454	1,834,024
Unrestricted	6,251,143	5,473,100	5,180,074	255,748	(532,061)	824,012	964,801	1,038,859	862,585	1,921,057
Total business-type activities net position	<u>\$ 18,026,735</u>	<u>\$ 15,947,788</u>	<u>\$ 15,099,064</u>	<u>\$ 12,553,922</u>	<u>\$ 11,373,443</u>	<u>\$ 10,817,987</u>	<u>\$ 12,275,822</u>	<u>\$ 11,999,107</u>	<u>\$ 10,824,876</u>	<u>\$ 10,964,087</u>
Primary government										
Net investment in capital assets	\$ 16,027,364	\$ 15,129,868	\$ 12,589,651	\$ 16,648,341	\$ 14,204,114	\$ 12,357,288	\$ 12,431,348	\$ 12,498,357	\$ 11,523,038	\$ 12,258,955
Restricted	15,101,896	12,313,444	9,322,310	4,645,673	857,484	1,478,182	2,660,842	3,938,336	4,058,868	3,875,021
Unrestricted	5,476,147	6,265,693	7,359,234	2,948,276	3,165,844	2,427,515	862,343	2,942,212	3,116,984	7,271,569
Total primary government net position	<u>\$ 36,605,407</u>	<u>\$ 33,709,005</u>	<u>\$ 29,271,195</u>	<u>\$ 24,242,290</u>	<u>\$ 18,227,442</u>	<u>\$ 16,262,985</u>	<u>\$ 15,954,533</u>	<u>\$ 19,378,905</u>	<u>\$ 18,698,890</u>	<u>\$ 23,405,545</u>

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Primary government:										
Governmental activities:										
General government	\$ 1,896,652	\$ 2,165,072	\$ 2,009,015	\$ 2,490,131	\$ 2,197,152	\$ 2,211,266	\$ 2,470,084	\$ 2,054,613	\$ 2,468,658	\$ 2,424,138
Judicial	395,447	451,217	421,864	426,544	467,691	468,800	452,295	436,347	383,138	444,132
Public safety	8,113,227	9,213,893	9,373,021	9,806,401	10,127,843	10,193,857	9,865,376	9,590,617	8,941,842	9,852,273
Public works	2,631,811	3,691,120	5,679,502	3,034,056	4,906,720	2,818,491	1,766,343	1,611,785	2,005,906	2,329,099
Community services	353,510	282,661	107,786	-	-	-	-	-	-	-
Parks and recreation	-	164,471	207,907	330,248	443,054	447,059	495,841	523,992	473,370	522,901
Economic development	635,796	578,176	551,982	932,850	643,677	815,159	832,622	751,348	710,296	684,237
Interest on long-term debt	892,492	902,731	875,728	839,703	665,503	666,233	591,502	531,627	329,512	221,368
Issuance cost on long-term debt	-	-	-	-	-	-	-	-	183,416	-
Total governmental activities expenses	14,918,935	17,449,341	19,226,805	17,859,933	19,451,640	17,620,865	16,474,063	15,500,329	15,496,138	16,478,148
Business-type activities:										
Water and sewerage	4,540,370	5,152,911	5,954,684	6,551,474	5,961,017	6,651,946	6,690,719	7,279,343	7,137,318	-
Sanitation	1,222,409	1,148,749	1,191,681	700,470	677,006	763,164	736,123	611,799	1,063,063	1,493,200
Stormwater	-	-	-	-	-	-	55,470	223,238	1,685,368	734,022
Criminal justice management	3,737,236	3,791,596	3,813,337	3,568,864	2,889,058	3,387,775	2,372,405	365,455	-	-
Total business-type activities expenses	9,500,015	10,093,256	10,959,702	10,820,808	9,527,081	10,802,885	9,854,717	8,479,835	9,885,749	2,227,222
Total primary government expenses	24,418,950	27,542,597	30,186,507	28,680,741	28,978,721	28,423,750	26,328,780	23,980,164	25,381,887	18,705,370
Program revenues:										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,766,705	1,897,836	1,548,023	1,714,518	1,472,105	1,479,642	1,745,430	1,894,426	2,125,471	2,378,255
Judicial	115,294	87,276	155,137	158,576	128,438	137,908	130,030	77,926	43,564	61,063
Public safety	1,965,852	1,934,062	1,929,612	2,009,280	1,856,768	1,757,157	1,413,518	1,224,270	938,139	1,036,884
Public works	1,535	-	-	-	-	-	-	-	19,355	19,066
Community services	17,898	6,441	1,880	-	-	-	-	-	-	-
Parks and recreation	-	-	-	10,053	58,992	69,132	66,116	59,616	52,069	58,800
Economic development	21,090	19,980	8,924	8,917	9,585	6,425	8,790	29,430	47,051	29,773
Operating grants and contributions	677,817	658,445	1,449,588	533,300	495,636	778,084	501,184	237,834	113,940	29,930
Capital grants and contributions	-	-	110,000	50,000	98,986	461,879	270,551	213,471	386,851	545,682
Total governmental activities program revenues	\$ 4,566,191	\$ 4,604,040	\$ 5,203,164	\$ 4,484,644	\$ 4,120,510	\$ 4,690,227	\$ 4,135,619	\$ 3,736,973	\$ 3,726,440	\$ 4,159,453

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services	\$ 9,736,147	\$ 8,800,053	\$ 9,961,600	\$ 8,242,375	\$ 8,750,735	\$ 10,664,099	\$ 9,733,232	\$ 8,919,049	\$ 9,202,096	\$ 10,100,193
Total business-type activities program revenues	9,736,147	8,800,053	9,961,600	8,242,375	8,750,735	10,664,099	9,733,232	8,919,049	9,202,096	10,100,193
Total primary government program revenues	14,302,338	13,404,093	15,164,764	12,727,019	12,871,245	15,354,326	13,868,851	12,656,022	12,928,536	14,259,646
Net (expense)/ revenue										
Governmental activities	(10,352,744)	(12,845,301)	(14,023,641)	(13,375,289)	(15,331,130)	(12,930,638)	(12,338,444)	(11,763,356)	(11,769,698)	(12,318,695)
Business-type activities	236,132	(1,293,203)	(998,102)	(2,578,433)	(776,346)	(138,786)	1,574,609	439,214	(683,653)	7,872,971
Total primary government net expense	(10,116,612)	(14,138,504)	(15,021,743)	(15,953,722)	(16,107,476)	(13,069,424)	(10,763,835)	(11,324,142)	(12,453,351)	(4,445,724)
General revenues and other changes in net position:										
Primary government:										
Governmental activities										
Property taxes	3,997,330	5,464,985	5,667,102	5,891,035	5,314,492	5,608,053	5,619,122	7,582,758	7,656,577	8,747,818
Sales taxes	3,096,471	3,065,531	2,628,353	2,825,733	2,753,242	3,010,345	3,015,388	4,506,448	5,051,758	5,079,836
Insurance premium tax	608,939	635,191	650,407	644,340	625,579	912,568	969,300	1,003,618	1,049,733	1,121,467
Alcoholic beverage taxes	33,807	10,595	4,117	4,860	11,754	17,208	19,393	21,659	25,439	21,220
Other taxes	283,902	305,218	323,516	275,659	229,639	311,868	341,579	415,704	457,764	453,738
Franchise taxes	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897
Unrestricted investment earnings	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119
Transfers	857,539	1,000,000	-	-	426,000	439,000	(157,492)	734,627	59,591	64,044
Total governmental activities general revenues and other changes in net position	10,904,253	12,027,846	10,434,555	10,891,526	10,496,761	11,521,637	10,971,762	15,464,443	15,514,795	16,886,139
Business-type activities										
Unrestricted investment earnings	270,630	214,256	149,378	33,291	21,867	22,330	5,320	18,698	-	22,317
Transfers	(857,539)	(1,000,000)	-	-	(426,000)	(439,000)	157,492	(734,627)	(59,591)	(64,044)
Total business-type activities general revenues and other changes in net position	\$ (586,909)	\$ (785,744)	\$ 149,378	\$ 33,291	\$ (404,133)	\$ (416,670)	\$ 162,812	\$ (715,929)	\$ (59,591)	\$ (41,727)

(Continued)

CITY OF UNION CITY, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in Net Position										
Governmental activities	\$ 551,509	\$ (817,455)	\$ (3,589,086)	\$ (2,483,763)	\$ (4,834,369)	\$ (1,409,001)	\$ (1,366,682)	\$ 3,701,087	\$ 3,745,097	\$ 4,567,444
Business-type activities	(350,777)	(2,078,947)	(848,724)	(2,545,142)	(1,180,479)	(555,456)	1,737,421	(276,715)	(743,244)	7,831,244
Total primary government										
change in net position	<u>\$ 200,732</u>	<u>\$ (2,896,402)</u>	<u>\$ (4,437,810)</u>	<u>\$ (5,028,905)</u>	<u>\$ (6,014,848)</u>	<u>\$ (1,964,457)</u>	<u>\$ 370,739</u>	<u>\$ 3,424,372</u>	<u>\$ 3,001,853</u>	<u>\$ 12,398,688</u>

CITY OF UNION CITY, GEORGIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 536,391	\$ 400,724	\$ 284,974	\$ 1,753,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,389,748	8,151,735	7,146,163	4,050,270	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,340,966	1,069,319	294,883	299,762	374,667	371,200
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	366,464	779,072	659,313	2,913,410	6,451,766	10,052,404
Total general fund	<u>\$ 7,926,139</u>	<u>\$ 8,552,459</u>	<u>\$ 7,431,137</u>	<u>\$ 5,804,097</u>	<u>\$ 3,707,430</u>	<u>\$ 1,848,391</u>	<u>\$ 954,196</u>	<u>\$ 3,213,172</u>	<u>\$ 6,826,433</u>	<u>\$ 10,423,604</u>
All Other Governmental Funds										
Reserved	\$ 10,858,756	\$ 9,279,559	\$ 6,867,079	\$ 4,302,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	699,296	1,026,311	1,304,291	996,461	-	-	-	-	-	-
Capital projects funds	167,464	(7,697)	(7,344)	20,259	-	-	-	-	-	-
Debt service funds	1,604,255	860,914	859,846	345,518	-	-	-	-	-	-
Nonspendable, reported in:										
Special revenue funds	-	-	-	-	-	12,604	-	-	198,204	165,170
Capital projects funds	-	-	-	-	-	6,250	-	-	-	-
Restricted, reported in:										
Special revenue funds	-	-	-	-	510,589	326,324	266,446	600,367	681,707	665,886
Capital projects funds	-	-	-	-	2,350,414	1,974,957	1,148,622	957,267	1,102,894	1,047,549
Debt service funds	-	-	-	-	346,559	341,615	319,864	321,572	323,813	327,562
Assigned, reported in:										
Special revenue funds	-	-	-	-	239,065	219,307	195,904	195,904	195,858	195,745
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	(37,592)	(15,036)	(177,870)	(15,036)
Debt service fund	-	-	-	-	-	-	-	-	(38)	-
Total all other governmental funds	<u>\$ 13,329,771</u>	<u>\$ 11,159,087</u>	<u>\$ 9,023,872</u>	<u>\$ 5,664,945</u>	<u>\$ 3,446,627</u>	<u>\$ 2,881,057</u>	<u>\$ 1,893,244</u>	<u>\$ 1,915,238</u>	<u>\$ 2,324,568</u>	<u>\$ 2,242,040</u>

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF UNION CITY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes	\$ 4,028,313	\$ 5,409,449	\$ 5,604,176	\$ 5,543,663	\$ 5,673,239	\$ 5,571,360	\$ 5,650,963	\$ 7,315,208	\$ 8,069,214	\$ 8,751,035
Other taxes	4,023,119	4,016,535	3,565,186	3,750,593	3,664,155	4,251,989	4,345,660	5,947,429	6,584,694	6,676,261
Charges for services	529,957	441,496	475,609	509,548	548,195	479,612	471,330	506,748	464,498	481,364
Licenses and permits	1,416,196	1,734,041	1,476,682	1,647,128	1,377,168	1,439,821	1,632,620	1,778,056	2,038,210	2,252,917
Intergovernmental	259,736	209,286	216,189	168,100	223,481	873,332	759,641	436,801	500,791	575,612
Franchise taxes	835,288	852,477	931,025	1,165,361	1,110,159	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897
Fines and forfeitures	1,404,991	1,414,294	1,497,840	1,589,500	1,484,361	1,404,660	1,134,879	890,810	642,156	730,864
Interest revenue	1,190,977	693,849	230,035	84,538	25,896	15,999	5,954	13,551	13,001	33,119
Rental income	20,145	18,623	13,500	12,609	13,030	13,785	20,425	18,870	20,311	18,346
Other revenues	935,166	786,300	1,523,344	557,758	474,275	479,017	116,724	105,688	60,474	100,350
Total revenues	<u>\$ 14,643,888</u>	<u>\$ 15,576,350</u>	<u>\$ 15,533,586</u>	<u>\$ 15,028,798</u>	<u>\$ 14,593,959</u>	<u>\$ 15,736,171</u>	<u>\$ 15,296,714</u>	<u>\$ 18,199,239</u>	<u>\$ 19,594,281</u>	<u>\$ 20,984,765</u>
Expenditures										
Current:										
General government	\$ 1,870,450	\$ 2,144,343	\$ 1,973,574	\$ 2,573,528	\$ 2,174,146	\$ 2,137,715	\$ 2,050,824	\$ 1,927,849	\$ 2,152,585	\$ 2,582,460
Judicial	311,021	365,858	330,968	342,954	384,047	377,543	360,126	341,796	298,711	357,346
Public safety	8,077,135	9,090,607	8,791,779	9,625,312	9,703,075	9,673,917	9,224,427	8,825,056	8,711,449	9,155,803
Public works	1,732,434	2,202,933	1,723,615	1,713,341	1,727,828	1,574,058	1,390,823	1,423,334	1,584,853	1,799,620
Community services	268,184	282,233	107,712	-	-	-	-	-	-	-
Parks and recreation	-	93,949	118,604	245,778	376,373	338,913	368,894	374,883	359,452	384,182
Economic development	633,975	574,168	547,596	932,850	643,677	796,900	817,605	751,348	710,296	684,237
Capital outlay	1,646,088	1,711,421	4,365,198	2,533,517	4,083,991	1,576,565	1,393,579	507,667	403,015	735,032
Debt service:										
Principal	685,000	750,000	815,000	6,180,687	1,079,492	1,623,662	1,728,241	1,772,797	1,310,580	1,458,601
Interest	798,669	905,202	870,077	856,817	662,315	660,550	617,203	568,294	280,212	356,885
Bond issuance costs	-	-	-	176,033	-	-	-	-	183,416	-
Total expenditures	<u>16,022,956</u>	<u>18,120,714</u>	<u>19,644,123</u>	<u>25,180,817</u>	<u>20,834,944</u>	<u>18,759,823</u>	<u>17,951,722</u>	<u>16,493,024</u>	<u>15,994,569</u>	<u>17,514,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,379,068)</u>	<u>(2,544,364)</u>	<u>(4,110,537)</u>	<u>(10,152,019)</u>	<u>(6,240,985)</u>	<u>(3,023,652)</u>	<u>(2,655,008)</u>	<u>1,706,215</u>	<u>3,599,712</u>	<u>3,470,599</u>

(Continued)

CITY OF UNION CITY, GEORGIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Bond issuance	\$ -	\$ -	\$ -	\$ 5,065,000	\$ -	\$ -	\$ -	\$ -	\$ 8,560,000	\$ -
Premium on bonds	-	-	-	101,052	-	-	-	-	525,671	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(8,902,255)	-
Capital lease	-	-	854,000	-	1,500,000	160,043	-	-	-	-
Transfers in	3,423,097	3,799,426	1,842,574	6,406,225	2,656,524	2,954,516	3,174,200	3,296,255	2,741,365	3,260,132
Transfers out	(2,565,558)	(2,799,426)	(1,842,574)	(6,406,225)	(2,230,524)	(2,515,516)	(2,401,200)	(2,561,628)	(2,681,774)	(3,196,088)
Total other financing sources (uses)	857,539	1,000,000	854,000	5,166,052	1,926,000	599,043	773,000	734,627	243,007	64,044
Net change in fund balances	<u>\$ (521,529)</u>	<u>\$ (1,544,364)</u>	<u>\$ (3,256,537)</u>	<u>\$ (4,985,967)</u>	<u>\$ (4,314,985)</u>	<u>\$ (2,424,609)</u>	<u>\$ (1,882,008)</u>	<u>\$ 2,440,842</u>	<u>\$ 3,842,719</u>	<u>\$ 3,534,643</u>
Debt service as a percentage of noncapital expenditures	<u>10.2%</u>	<u>9.7%</u>	<u>9.0%</u>	<u>30.1%</u>	<u>8.9%</u>	<u>12.9%</u>	<u>13.9%</u>	<u>14.8%</u>	<u>10.2%</u>	<u>10.6%</u>

Information prior to 2005 was not readily available.

CITY OF UNION CITY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Tax Year	Real Property		Personal Property		Privately Owned Public Utilities	Total Property		Total Direct Tax Rate	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property (1)	Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2007	249,023,200	272,065,280	30,956,210	23,311,420	4,923,367	580,279,477	1,450,698,693	9.50	40%
2008	265,518,110	271,062,580	35,067,121	26,254,620	5,107,421	603,009,852	1,507,524,630	9.50	40%
2009	253,414,770	282,392,890	30,541,970	27,390,550	5,570,295	599,310,475	1,498,276,188	9.50	40%
2010	219,058,430	260,266,010	24,496,587	27,643,090	5,516,443	536,980,560	1,342,451,400	9.50	40%
2011	173,847,240	261,796,790	55,138,458	25,604,340	5,532,947	521,919,775	1,304,799,438	10.24	40%
2012	239,032,283	212,541,870	50,036,827	26,687,160	6,754,886	535,053,026	1,337,632,565	10.60	40%
2013	231,138,040	202,201,910	38,398,892	27,653,800	6,905,395	506,298,037	1,265,745,093	15.60	40%
2014	230,578,430	197,923,440	29,682,537	21,982,160	7,116,549	487,283,116	1,218,207,790	15.69	40%
2015	282,555,660	201,364,940	43,726,218	14,538,020	7,250,890	549,435,728	1,373,589,320	15.69	40%
2016	272,784,560	240,231,210	93,676,001 (a)	10,305,160	6,870,151	623,867,082	1,559,667,705	15.69	40%

Source: Fulton County Tax Assessor

(1) The assessed values for commercial property for fiscal years 2004 to 2005 are included with the residential property.

(2) Fiscal year 2005 includes the motor vehicle personal property assessed values.

(3) Information not available for fiscal year 2005; this value is included in the Personal Property figure.

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

CITY OF UNION CITY, GEORGIA

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

Tax Digest Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Millage Rates
	City of Union City			State of Georgia	Fulton County	County School System	
	Operating Millage	Debt Service	Total				
2007	4.500	5.000	9.500	0.25	20.55	18.09	48.39
2008	4.500	5.000	9.500	0.25	10.28	17.50	37.53
2009	7.508	1.992	9.500	0.25	10.28	17.50	37.53
2010	7.650	1.850	9.500	0.25	10.28	18.50	38.53
2011	8.165	2.073	10.238	0.25	10.55	18.50	39.54
2012	8.331	2.268	10.599	0.20	10.55	18.50	39.85
2013	13.178	2.420	15.598	0.15	10.48	18.50	44.73
2014	13.122	2.570	15.692	0.15	11.781	18.50	46.12
2015	13.412	2.280	15.692	0.05	10.5	18.50	44.74
2016	14.572	1.120	15.692	0.00	10.45	18.48	44.63

CITY OF UNION CITY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2007	5,081,813	4,065,772	80.01%	990,828	5,056,600	99.50%	25,213
2008	5,059,894	4,877,918	96.40%	165,637	5,043,555	99.68%	16,339
2009	5,369,912	5,048,824	94.02%	315,978	5,364,802	99.90%	5,110
2010	5,316,893	4,803,669	90.35%	450,479	5,254,148	98.82%	62,745
2011	4,759,160	4,533,053	95.25%	196,343	4,729,396	99.37%	29,764
2012	5,102,178	4,797,313	94.02%	247,031	5,044,344	98.87%	57,834
2013	5,351,680	5,235,029	97.82%	70,506	5,305,535	99.14%	46,145
2014	6,989,117	6,503,551	93.05%	425,850	6,929,401	99.15%	59,716
2015	7,011,056	6,811,199	97.15%	121,388	6,932,587	98.88%	78,469
2016	8,176,456	7,983,582	97.64%	-	7,983,582	97.64%	192,874

CITY OF UNION CITY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 251,179,239	1	40.26%			
Development Authority of Fulton County	94,963,096	2	15.22%			
Hunter Road Industrial LLC	12,365,150	3	1.98%			
Walmart Stores Inc	9,861,419	4	1.58%			
South Fulton Parkway LLC	8,659,520	5	1.39%			
Northwestern Mutual Life	8,327,480	6	1.33%			
USEF I 85 Distribution Center	7,800,000	7	1.25%			
ROC III GA Legacy Ridge LLC	7,572,120	8	1.21%			
Costco Wholesale Corp	7,278,772	9	1.17%			
BOC Acquisitions 1 LLC	6,783,280	10	1.09%			
Development Authority of Fulton County				\$ 4,662,480	1	0.81%
Development Authority of Fulton County				4,993,780	2	0.87%
Wyndor Forest Apartments LLC				5,412,360	3	0.94%
CM Buffington Road LLC				5,969,110	4	1.04%
Costco Wholesale Corp				6,997,680	5	1.22%
South Fulton Lee Land LLC				7,228,400	6	1.26%
Thurman Investments LLC				8,000,000	7	1.39%
AEW LT Hunter Road LLC				8,068,470	8	1.40%
South Fulton Parkway LLC				8,504,720	9	1.48%
NW Mutual Life Majestic South Fulton				9,296,920	10	1.61%
	<u>\$ 414,790,076</u>		<u>66.49%</u>	<u>\$ 69,133,920</u>		<u>12.01%</u>

Note: Information for 2005 not readily available.

CITY OF UNION CITY, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Value of Taxable Property	Per Capita	Business-Type Activities		Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Lease	Notes Payable			Water Revenue Bonds	Total Primary Government			
2007	14,845,000	3,965,000	-	-	1.30%	1,009.34	5,880,000	24,690,000	1.70%	6.86%	1,324.86
2008	14,275,000	3,785,000	-	-	1.20%	1,076.86	5,470,000	23,530,000	1.56%	7.27%	1,403.02
2009	13,665,000	3,580,000	854,000	-	1.21%	1,067.10	5,040,000	23,139,000	1.54%	7.07%	1,364.25
2010	12,900,000	3,310,000	773,313	-	1.27%	1,001.32	-	16,983,313	1.27%	5.30%	1,001.32
2011	12,190,000	3,015,000	2,198,821	-	1.33%	894.52	-	17,403,821	1.33%	4.74%	894.52
2012	11,470,000	2,730,000	1,628,305	111,897	1.19%	793.87	11,275,000	27,215,202	2.03%	7.35%	1,355.41
2013	10,715,000	2,410,000	1,049,170	38,464	1.12%	693.27	10,840,000	25,052,634	1.98%	6.64%	1,222.02
2014	10,025,521	2,060,000	459,164	-	1.03%	613.19	10,400,000	22,944,685	1.88%	6.50%	1,121.55
2015	9,963,689	1,675,000	373,584	-	0.87%	592.91	9,827,833	21,840,106	1.59%	6.25%	1,077.99
2016	8,924,160	1,255,000	284,983	-	0.67%	502.96	9,379,531	19,843,674	1.27%	5.75%	953.79

CITY OF UNION CITY, GEORGIA

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	Population	Property Assessed Value	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Restricted Debt Service Funds	Net Bonded Debt		
2007	18,636	580,279,477	14,845,000	965,825	13,879,175	2.39%	744.75
2008	16,771	603,009,852	14,275,000	2,207,468	12,067,532	2.00%	719.55
2009	16,961	599,310,475	13,665,000	1,219,369	12,445,631	2.08%	733.78
2010	16,961	536,980,560	12,900,000	1,161,632	11,738,368	2.19%	692.08
2011	19,456	521,919,775	12,190,000	792,417	11,397,583	2.18%	585.81
2012	20,079	535,053,026	11,470,000	786,676	10,683,324	2.00%	532.06
2013	20,501	506,298,037	10,715,000	350,864	10,364,136	2.05%	505.54
2014	20,458	487,283,116	10,025,521	351,615	9,673,906	1.99%	472.87
2015	20,260	549,435,728	9,963,689	323,813	9,639,876	1.75%	475.81
2016	20,805	623,867,082	8,924,160	327,720	8,596,440	1.38%	413.19

CITY OF UNION CITY, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 57,582,113	\$ 60,300,985	\$ 59,931,048	\$ 53,698,056	\$ 52,191,978	\$ 56,858,181	\$ 49,493,881	\$ 48,728,312	\$ 54,943,573	\$ 62,386,708
Total net debt applicable to limit	17,196,729	17,199,086	16,383,154	15,048,433	14,412,583	13,413,324	12,774,136	12,223,113	11,314,876	9,851,440
Legal Debt Margin	<u>\$ 40,385,384</u>	<u>\$ 43,101,899</u>	<u>\$ 43,547,894</u>	<u>\$ 38,649,623</u>	<u>\$ 37,779,395</u>	<u>\$ 43,444,857</u>	<u>\$ 36,719,745</u>	<u>\$ 36,505,199</u>	<u>\$ 43,628,697</u>	<u>\$ 52,535,268</u>
Total net debt applicable to the limit as a percentage of debt limit	29.86%	28.52%	27.34%	28.02%	27.61%	23.59%	25.81%	25.08%	20.59%	15.79%
Assessed Value										\$ 623,867,082
Debt limit (10% of assessed value)										62,386,708
Debt applicable to limit:										
General obligation bonds and certificates of participation										10,179,160
Less: Amount set aside for repayment of general obligation debt										(327,720)
Total net debt applicable to limit										<u>9,851,440</u>
Legal debt margin										<u>\$ 52,535,268</u>

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

CITY OF UNION CITY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF AUGUST 31, 2016

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ^(a)	Amount Applicable to the City of Union City
Fulton County, Georgia- Overlapping Debt			
Certificates of Participation	\$ 72,035,000	1.08%	\$ 776,695
Library General Obligation Bonds	146,770,000	1.08%	1,582,501
Economic Recovery Zone Bonds	23,243,000	1.08%	250,610
Fulton County School District - Overlapping Debt	71,840,000	1.08%	774,592
Subtotal, overlapping debt			3,384,398
South Fulton Regional Jail Authority			12,455,000
City of Union City, Georgia - Direct Debt			10,179,160
City of Union City, Georgia - Capital Leases			284,983
Total Direct and Overlapping Debt			<u>\$ 26,303,541</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2014) and City Finance Departments.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Union City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

^(a) The percentage of overlapping debt applicable is estimated using the assessed gross digest. Applicable percentages were estimated by determining the portion of the City's assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

CITY OF UNION CITY, GEORGIA

PLEDGED-REVENUE COVERAGE LAST TEN YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2007	4,478,241	3,595,272	882,969	390,000	319,810	1.24
2008	4,219,013	3,411,018	807,995	410,000	300,832	1.14
2009	4,889,828	4,264,770	625,058	-	345,163	1.81
2010	4,952,379	5,026,404	(74,025)	5,040,000 (1)	168,114	(0.01)
2011	5,560,899	4,443,345	1,117,554	-	-	-
2012	6,708,111	4,532,630	2,175,481	-	77,637 (2)	28.02
2013	6,511,408	4,473,675	2,037,733	435,000	358,325	2.57
2014	6,509,855	4,566,858	1,942,997	440,000	349,626	2.46
2015	6,919,542	4,402,107	2,517,435	450,000	342,466	3.18
2016	7,445,937	4,982,333	2,463,604	460,000	341,989	3.07

(1) Bonds were paid off in 2010

(2) 2012 Series Bond issued during FY 2012

NOTES:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Utility service charges include tap fees, but exclude interest.

Operating expenses do not include interest, depreciation, or amortization expense.

CITY OF UNION CITY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Unemployment Rate ⁽²⁾	School Enrollment ⁽³⁾
2007	18,636	359,805,252	19,307	32.2	5.10%	1,294
2008	16,771	323,797,697	19,307	32.2	7.60%	1,269
2009	16,961	327,466,027	19,307	32.2	10.30%	1,252
2010	16,961	320,155,836	18,876	32.2	10.30%	1,252
2011	19,456	367,251,456	18,876	30.5	8.10%	1,252
2012	20,079	370,457,550	18,450	30.5	8.40%	1,252
2013	20,501	377,525,915	18,415	30.5	8.10%	1,288
2014	20,458	352,941,416	17,252	30.5	8.10%	1,288
2015	20,260	349,525,520	17,252	30.0	6.24%	3,547
2016	20,805	345,175,755	16,591	30.4	5.00%	3,547

Sources:

(1) U.S. Census Bureau

(2) Georgia Department of Labor

(3) Clayton County Board of Education

CITY OF UNION CITY, GEORGIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Business	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal Mart	550	1	7.75%			
Kraft Foods	335	2	4.72%			
Premier Club Apartments	251	3	3.54%			
Amazon	246	4	3.46%			
Christian City Retirement Center	236	5	3.32%			
Newell Rubbermain Inc	219	6	3.08%			
Atlanta Check Cashing	190	7	2.68%			
The Kroger Co.	172	8	2.42%			
Universal Forest Products Inc	162	9	2.28%			
GE Energy Parts	140	10	1.97%			
Christian City Retirement Center				460	1	10.00%
Universal Forest Products Inc				225	2	4.89%
Walmart Super Center				200	3	4.35%
Gene Evans Team Ford				195	4	4.24%
City of Union City				192	5	4.17%
Bill Heard Chevrolet of Union City				130	6	2.83%
The Kroger Co.				125	7	2.72%
Lexus of South Atlanta				100	8	2.17%
Steve Rayman Chrysler Jeep				80	9	1.74%
Don Jackson of Lincoln Mercury				75	10	1.63%

Note: 2006 data is the most recent available information.
Source: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administration	3	3	3	2	1	3	3	3	2	2
City Clerk	6	7	7	2	2	2	2	2	1	2
Finance	9	8	10	4	4	4	4	4	5	6
Finance- water and sewer				5	5	6	6	5	4	4
Human Resources	2	2	2	2	2	1	2	2	1	2
Information Technology	-	-	-	-	1	2	2	2	1	1
Judicial										
Municipal Court	3	4	4	4	4	4	4	4	4	4
Health & Welfare										
Leisure Services	1	1	1	-	-	-	-	-	-	-
Housing & Development										
Planning Department	4	4	3	3	3	2	1	2	3	3
Public Safety										
Police	48	67	61	62	61	61	57	54	58	65
Fire	33	47	48	52	49	51	46	46	47	50
Jail	53	50	48	44	50	42	-	1	1	1
E-911 Communications	10	11	12	10	10	9	10	8	-	-
Public Works										
Building & Grounds	2	2	3	3	3	4	3	3	1	4
Code Enforcement	2	4	4	4	4	4	4	3	2	3
Roads & Bridges	11	17	17	20	17	16	12	13	13	14
Water & Sewer	14	12	12	12	10	9	10	10	9	9
Parks and Recreation	-	3	3	3	3	6	6	5	4	5
Operations	-	-	-	1	2	-	-	1	1	1
Total	201	242	238	233	231	226	172	168	157	176

Source: Human Resources

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

CITY OF UNION CITY, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Fire</i>										
Inspections Conducted	547	770	817	720	948	948	998	879	756	3
<i>Police</i>										
Number of Law Violations										
Physical Arrests	940	1,801	2,742	2,256	2,437	2,437	1,816	1,028	1,263	907
Traffic and Parking Violations	12,802	16,089	16,550	12,597	15,006	15,006	8,673	6,257	6,067	5,078
<i>Public Service - Sewerage System</i>										
Daily Average Treatment in Gallons	1,731,000	1,740,000	1,500,000	1,663,372	1,553,414	1,553,414	1,922,000	1,922,000	1,922,000	1,922,000
Max. Daily Capacity of Plant in Gallons	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	3,713,000	3,713,000	3,713,000	3,713,000
Service Connections	4,415	4,074	4,500	4,500	4,206	4,206	4,100	4,100	4,100	4,100
<i>Public Service - Streets</i>										
Highway and Streets Resurfacing	17	18	21	15	17	17	6	5	3	2
<i>Public Service - Water System</i>										
Daily Average Consumption in Gallons	1,699,104	1,170,000	1,180,000	1,180,000	1,200,000	1,200,000	1,110,000	1,110,000	1,110,000	1,200,000
Max. Daily Capacity of Plant in Gallons	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased
Service Connections	4,427	4,460	4,500	4,500	4,523	4,523	4,500	4,506	4,506	4,506

NOTE: Indicators are not available for the general government or culture and recreation functions.

NOTE: Departments maintain statistical information on a calendar-year basis.

SOURCE: Various City Departments

CITY OF UNION CITY, GEORGIA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Culture and Recreation</i>										
Park Acreage	22	22	22	22	22	34	34	34	34	34
Parks	2	2	2	2	2	2	2	2	2	2
Tennis Courts	0	0	0	0	0	0	0	0	0	0
Baseball Fields	2	2	2	2	2	2	5	5	5	5
Community Centers & Depot	2	2	2	2	2	2	2	2	2	2
<i>Fire</i>										
Fire Stations	2	2	2	3	3	3	3	3	3	3
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	30	30	48	48	48	48	48	56	56	64
Patrol Zones	5	5	4	5	5	5	5	5	5	5
<i>Public Service - Sewerage System</i>										
Sanitary Sewer (Miles)	76.0	76.0	76.0	79.9	79.9	79.9	79.9	90	90	90
Treatment Plants	0	0	0	0	0	0	0	0	0	0
<i>Public Service - Streets</i>										
Streets (Miles)	90.0	90.0	90.0	115.1	115.1	115.1	115.1	115.7	115.7	115.7
Streets (Lights)	912	912	912	912	912	1,068	1,188	1188	1188	1223
<i>Public Service - Water System</i>										
Water Mains (Miles)	68	68	68	69	69	69	68	80	80	80
Number of Fire Hydrants	565	565	796	538	540	540	565	591	591	591

SOURCE: Various City Departments

COMPLIANCE SECTION



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

**To the Honorable Mayor and Members
of the City Council
Union City, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia (the "City"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 15, 2017.

Internal Control Over Financial Reporting

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

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

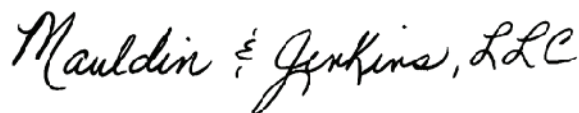
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Macon, Georgia
February 15, 2017

CITY OF UNION CITY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

A single audit was not performed for the fiscal year ended August 31, 2016 due to the City not expending \$750,000 in federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF UNION CITY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

APPENDIX B

Form of Opinion of Bond Counsel

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MURRAY BARNES FINISTER LLP

3525 PIEDMONT ROAD • 5 PIEDMONT CENTER • SUITE 515 • ATLANTA, GEORGIA 30305

April 27, 2017

City of Union City
Union City, Georgia

U.S. Bank National Association
Atlanta, Georgia

Jefferies LLC
Atlanta, Georgia

Re: \$5,000,000 City of Union City General Obligation Bonds, Series 2017

To the Addressees:

We have acted as Bond Counsel and Disclosure Counsel to the City of Union City, Georgia (the “City”) in connection with the issuance by the City of \$5,000,000 in aggregate principal amount of its General Obligation Bonds, Series 2017 (the “Bonds”). In connection with the foregoing, we have examined certified copies of the transcripts of the validation proceedings concluded in the Superior Court of Fulton County, Georgia with respect to the Bonds, the resolution of the Mayor and Council of the City adopted on April 18, 2017 (the “Bond Resolution”) and such other laws, documents, instruments and certificates of public officials as we have deemed necessary to render the opinions expressed herein. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution.

The proceeds of the Bonds will be used to (a) finance the acquisition, construction and equipping of a community center and (b) pay the costs of issuing the Bonds and capitalized interest on the Bonds. The Bonds are subject to redemption prior to maturity in the manner and on the terms specified in the Bond Resolution.

In rendering our opinion that the interest on the Bonds is excluded from the gross income for federal income tax purposes, we have (a) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the City, and representations of the City (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (b) assumed continued compliance by the City with its covenants relating to the use of the proceeds of the Bonds and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), including, but not limited to, the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such certificates or representations

or the failure of the City to comply with any of such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

We express no opinion (a) with respect to the accuracy, completeness or sufficiency of the Official Statement or (b) as to compliance by the City or the initial purchasers of the Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Bonds.

Based on our examinations, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City payable from an ad valorem tax, without limitation as to rate or amount, levied on all property in the City subject to taxation for general obligation bond purposes.

2. The City Council of the City has levied an ad valorem tax, without limitation as to rate or amount, on all property in the City subject to taxation for general obligation bond purposes in order to pay the principal of and interest on the Bonds as the same become due.

3. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal tax consequences arising with respect to ownership of the Bonds.

4. Interest on the Bonds is exempt from all present State of Georgia income taxes.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. This opinion is intended solely for the use of the addressees and their permitted successors and/or assigns and may not be relied upon by any other person for any purpose without our prior written consent in each instance. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By: _____
A Partner

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APPENDIX C

Form of Disclosure Dissemination Agent Agreement

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of April 1, 2017, is executed and delivered by the City of Union City, Georgia (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted

to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the Finance Director of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than

providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the 270 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending August 31, 2017. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the

Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 - 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 - 6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
 - 7. “Modifications to rights of securities holders, if material;”
 - 8. “Bond calls, if material;”
 - 9. “Defeasances;”
 - 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”
 12. “Tender offers;”
 13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service” other than those communications included in the Rule;
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”

- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “Timing of annual disclosure (120/150 days);”
 3. “change in fiscal year/timing of annual disclosure;”
 4. “change in accounting standard;”
 5. “interim/additional financial information/operating data;”
 6. “budget;”
 7. “investment/debt/financial policy;”
 8. “information provided to rating agency, credit/liquidity provider or other third party;”
 9. “consultant reports;” and
 10. “other financial/operating data.”
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: (1) “CITY AD VALOREM TAXATION – Property Tax Millage Rates,” “– Ad Valorem Property Tax Digest,” “– Tax Collections” and “– Ten Largest Taxpayers,” (2) the amount of direct City debt set forth under the heading “CITY DEBT STRUCTURE – Summary of City Direct and Overlapping Debt by Category,” (3) “CITY DEBT STRUCTURE – Limitations on City Debt” and (4) “CITY FINANCIAL INFORMATION – Budget.”

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the

Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the

Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by

notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CITY OF UNION CITY, GEORGIA, as Issuer

By: _____
Name: Vince Williams
Title: Mayor

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer City of Union City, Georgia
Obligated Person(s) City of Union City, Georgia
Name of Bond Issue: City of Union City, General Obligation Bonds, Series 2017
Date of Issuance: April 27, 2017
Date of Official Statement April 18, 2017

CUSIP Number:	905666DN0	CUSIP Number:	905666DW0
CUSIP Number:	905666DP5	CUSIP Number:	905666DX8
CUSIP Number:	905666DQ3	CUSIP Number:	905666DY6
CUSIP Number:	905666DR1	CUSIP Number:	905666DZ3
CUSIP Number:	905666DS9	CUSIP Number:	905666EA7
CUSIP Number:	905666DT7	CUSIP Number:	905666EB5
CUSIP Number:	905666DU4	CUSIP Number:	905666EC3
CUSIP Number:	905666DV2	CUSIP Number:	905666ED1

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: City of Union City, Georgia

Obligated Person: City of Union City, Georgia

Name(s) of Bond Issue(s): City of Union City, Georgia General Obligation Bonds, Series 2017

Date(s) of Issuance: [_____]

Date(s) of Disclosure Agreement: [_____]

CUSIP Number: 905666ED1

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by [_____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: [_____]
[_____]

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Union City, Georgia

Issuer's Six-Digit CUSIP Number: 905666

Number of pages attached: []

Description of Notice Events (Check One):

- 1. _____ "Principal and interest payment delinquencies;"
- 2. _____ "Non-Payment related defaults, if material;"
- 3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
- 4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
- 5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
- 6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
- 7. _____ "Modifications to rights of securities holders, if material;"
- 8. _____ "Bond calls, if material;"
- 9. _____ "Defeasances;"
- 10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
- 11. _____ "Rating changes;"
- 12. _____ "Tender offers;"
- 13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
- 14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
- 15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: []

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [_____] between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: City of Union City, Georgia

Issuer's Six-Digit CUSIP Number: 905666

Number of pages attached: [_____]

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: [_____]

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary financial disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [_____] between the Issuer and DAC.

Issuer’s and/or Other Obligated Person’s Name: City of Union City, Georgia

Issuer’s Six-Digit CUSIP Number: 905666

Number of pages attached: [____]

Description of Voluntary Financial Disclosure (Check One):

- 1. _____ “quarterly/monthly financial information;”
- 2. _____ “change in fiscal year/timing of annual disclosure;”
- 3. _____ “change in accounting standard;”
- 4. _____ “interim/additional financial information/operating data;”
- 5. _____ “budget;”
- 6. _____ “investment/debt/financial policy;”
- 7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
- 8. _____ “consultant reports;” and
- 9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: [_____]

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