

**CITY OF STOCKBRIDGE, GEORGIA**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2016**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Stockbridge, Georgia ("the City")** as of and for the year ended December 31, 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.

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***Opinions***

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

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 52), and the Schedule of City Contributions (on page 53) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2017, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
April 26, 2017

## **CITY OF STOCKBRIDGE MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **Financial Highlights**

- The assets and deferred outflows of the City of Stockbridge exceeded its liabilities and liabilities at December 31, 2016 by \$80,217,024 (total net position). Of this amount, \$22,415,577 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position, on an entity-wide basis, increased by \$5,212,102. Of this amount, an increase of \$4,373,495 was associated with governmental activities and an increase of \$838,607 was associated with business-type activities.
- As of the close of the current fiscal year, the City of Stockbridge's governmental funds reported combined ending fund balances of \$32,748,613 an increase of \$9,140,867 in comparison with the prior year. Of this amount \$11,326,184 is unassigned and available for spending and \$16,811,072 is restricted by third parties or assigned for other specific future uses.
- At the end of the current year, unassigned fund balance for the general fund was \$11,326,184 or 208.0 percent of total General Fund expenditures.
- The City of Stockbridge's total debt obligations decreased by \$149,133 for an overall decrease of 0.01 percent in total debt obligations. The Net Pension liability increased by \$583,122. Bonds and notes payable decreased by \$675,474 due to scheduled bond debt service payments.

### **Overview of the Financial Statements**

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

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

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

## **Basic Financial Statements**

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

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

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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Stockbridge include general government, public safety and courts, highways and streets, parks and recreation, tourism and promotion, and code enforcement. The business-type activities of the City are water and sewer, solid waste management, conference center, community center and stormwater management.

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

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

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

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

The City of Stockbridge adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund for the Fiscal Year 2016 budget. A project length budget has been adopted for the SPLOST Capital Projects Funds.

***Proprietary funds.*** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Solid Waste Management Fund, Conference Center Fund, Community Center Fund and Stormwater Management Fund. The first three enterprise funds are considered by the City to be major funds.

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

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

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

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2016, the City's assets exceeded liabilities by \$80,161,833. The City's net position reflects its investment in capital assets (56.8 percent), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the total net position, \$16,623,098 (20.7 percent) is restricted for capital projects and other external restrictions on how they may be used. The unrestricted amount of \$18,016,778 (22.5 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

The following is a comparison statement of the City of Stockbridge's net position as of December 31, 2016:

### The City of Stockbridge's Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 33,841,596	\$ 24,647,389	\$ 9,324,280	\$ 8,357,162	\$ 43,165,876	\$ 33,004,551
Capital assets	37,731,392	42,936,744	17,852,998	18,056,469	55,584,390	60,993,213
Total assets	<u>71,572,988</u>	<u>67,584,133</u>	<u>27,177,278</u>	<u>26,413,631</u>	<u>98,750,266</u>	<u>93,997,764</u>
Deferred outflows of resources						
Pension	555,859	205,781	220,485	118,268	776,344	324,049
Long-term liabilities outstanding	14,294,442	14,409,348	1,454,901	2,051,721	15,749,343	16,461,069
Other liabilities	1,218,046	1,108,417	2,017,494	1,335,184	3,235,540	2,443,601
Total liabilities	<u>15,512,488</u>	<u>15,517,765</u>	<u>3,472,395</u>	<u>3,386,905</u>	<u>18,984,883</u>	<u>18,904,670</u>
Deferred inflows of resources						
Pension	232,487	261,772	92,216	150,449	324,703	412,221
Net position:						
Net investment in						
capital assets	24,706,392	29,316,744	16,337,920	16,460,917	41,044,312	45,777,661
Restricted	16,757,135	14,922,842	-	-	16,757,135	14,922,842
Unrestricted	14,920,345	7,770,791	7,495,232	6,533,628	22,415,577	14,304,419
Total net position	<u>\$ 56,383,872</u>	<u>\$ 52,010,377</u>	<u>\$ 23,833,152</u>	<u>\$ 22,994,545</u>	<u>\$ 80,217,024</u>	<u>\$ 75,004,922</u>

**Governmental activities.** Governmental activities increased the City of Stockbridge's net position by \$4,373,495, primarily due to strong Sales Tax receipts and contributed capital from SPLOST for Public Works Equipment and Improvements. Other key elements of this increase are as follows:

**City of Stockbridge Changes in Net Position**

	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 849,808	\$ 1,366,670	\$ 5,295,897	\$ 4,943,044	\$ 6,145,705	\$ 6,309,714
Capital grants and contributions	2,863,565	8,732,683	-	-	2,863,565	8,732,683
General revenues						
Sales tax	3,785,414	3,597,732	-	-	3,785,414	3,597,732
Other tax	4,887,185	4,810,352	-	-	4,887,185	4,810,352
Interest	1,381	4,322	4	334	1,385	4,656
Gain on disposal of capital assets	-	-	-	42,791	-	42,791
Total Revenues	<u>12,387,353</u>	<u>18,511,759</u>	<u>5,295,901</u>	<u>4,986,169</u>	<u>17,683,254</u>	<u>23,497,928</u>
<b>Expenses:</b>						
General Government	3,496,445	3,366,285	-	-	3,496,445	3,366,285
Judicial	447,338	665,664	-	-	447,338	665,664
Public safety	584,235	848,136	-	-	584,235	848,136
Public works	1,650,982	2,840,318	-	-	1,650,982	2,840,318
Housing and development	739,159	1,267,243	-	-	739,159	1,267,243
Interest on long-term debt	602,535	629,911	-	-	602,535	629,911
Water and sewer	-	-	3,090,427	3,158,357	3,090,427	3,158,357
Stormwater management	-	-	389,999	212,729	389,999	212,729
Solid waste	-	-	1,024,671	719,355	1,024,671	719,355
Conference center	-	-	393,485	290,062	393,485	290,062
Community center	-	-	51,876	49,768	51,876	49,768
Total Expenses	<u>7,520,694</u>	<u>9,617,557</u>	<u>4,950,458</u>	<u>4,430,271</u>	<u>12,471,152</u>	<u>14,047,828</u>
Increase in net position before transfers	4,866,659	8,894,202	345,443	555,898	5,212,102	9,450,100
Transfers	(493,164)	(1,123,522)	493,164	1,123,522	-	-
Increase in net position	4,373,495	7,770,680	838,607	1,679,420	5,212,102	9,450,100
Net position - beginning of year	52,010,377	44,239,697	22,994,545	21,315,125	75,004,922	65,554,822
Net position - end of year	<u>\$ 56,383,872</u>	<u>\$ 52,010,377</u>	<u>\$ 23,833,152</u>	<u>\$ 22,994,545</u>	<u>\$ 80,217,024</u>	<u>\$ 75,004,922</u>

- Revenues from Local Option Sales Tax increased by \$187,682 or 5.2% from 2015 to 2016. This increase is due to the overall economy. The Special Purpose Local Option Sales Tax increased by \$45,111 or 1.9% for the SPLOST IV revenues, due to the required debt service payments for the bonds from SPLOST IV. The City has an intergovernmental agreement with Henry County for bonds issued in the amount of \$6,000,000.
- Investment earnings decreased by \$3,271 from 2015 to 2016. This is due to the continuous drop in interest rates.
- The City received \$182,603 for Local Maintenance Improvement Grants for the year associated with street improvements.
- Expenses in the governmental activities decreased due primarily to the policing services agreement with Henry County, and the increase in Local Option Sales Taxes revenues which offset the loss in the courts.
- Revenue from Courts decreased \$520,115 as Henry County diverted the tickets from our municipal court to the Henry County State Court. Receivables for fines decreased because of this change and the change in probation tolling laws

**Business-type activities.** Business-type activities increased the City's net position by \$838,607. The increase is basically the result of capital contributions of \$462,844 from the SPLOST III Fund to the Water and Sewer Fund and to the Ted Strickland Community Center Fund. The transfer from the City's General Fund to the Conference Center is to supplement the operations. The sanitation department privatized the collection of residential solid waste with Waste Industries and the startup proved beneficial.

### **Financial Analysis of the Government's Funds**

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

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

At December 31, 2016 the City's governmental funds reported combined ending fund balances of \$32,748,613, an increase of \$9,140,867 in comparison to the prior year. Of this amount, \$11,326,184 (34.6 percent) is unassigned fund balance, which is available for spending at the government's discretion. Additionally, \$16,752,135 is restricted by third parties for 1) capital items most of which is funded by the proceeds of the Special Purpose Local Option Sales Tax (\$16,557,661); 2) Perpetual Care of the City's cemetery (\$7284); and 3) tourism. The General Fund's increase of \$1,374,560 from a decrease in revenue from court fines and a decrease in amounts paid to Henry County for police services.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,326,184. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 208.0 percent of the total general fund expenditures, while total fund balance represents 293.6 percent of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$1,374,560. Key factors in the increase are due to: 1) Increased tax revenues and 2) decreased departmental expenditures. The City collected a total of \$3,785,414 in local option sales taxes for 2016, an increase of 5.2% over 2015. Franchise taxes decreased by 6.85% to \$1,433,090 in 2016 from \$1,538,555 in 2015, for electric, television and telephone taxes. The City's general fund revenues decreased due to Court Fines and Forfeitures offset by Local Option Sales Tax receipts. In 2016 General Fund transfers increased slightly from \$1,278,240 to \$1,377,187 because of the money transferred from General Fund to subsidize the Merle Manders Conference Center. The expenditures in General Fund decreased by 14.7% from \$6,382,164 to \$5,445,702 in 2016 compared to 2015.

The City of Stockbridge received \$2,420,600 in Special Purpose Local Option Sales Taxes in 2016 compared to \$2,375,489 in 2015. This is up by 1.9% due primarily to the increase in collections. Henry County issued bonds in order to begin projects approved by the voters in November 2013. The City received \$6,000,000 from the County's bond issue in order to begin special projects rather than wait for the revenue to come in over the six year period of the referendum. The debt service on the bonds has to be paid each year before the City or County receives any proceeds to be used on projects. The projects approved by the voters in the SPLOST IV referendum include public works facilities and equipment, new park equipment, the City's share of roads, bridges, sidewalks and transportation facilities and public safety facilities and equipment.

As of December 31, 2016, the Urban Redevelopment Agency of the City of Stockbridge had long-term liabilities from Revenue Bonds in the amount of \$13,025,000. The majority of these funds were used for purchasing property and building and furnishing a new city hall facility which was completed in 2009. The cost of the building is approximately \$11,964,000.

The Hotel/Motel Tax Fund is used to promote tourism in The City. The Fund is used to account for proceeds from the City's Hotel/Motel tax and is required to a 43.75% payment to the Henry County Chamber of Commerce. The Fairfield Hotel is currently under construction and expected completion date is in January 2017. The total fund balance at December 31, 2016 for this fund amounted to \$187,670.

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

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

Unrestricted net position of the proprietary funds at the end of the year were \$7,495,232 of which the Water and Sewer Fund had \$4,099,953 (54.7%) and the Solid Waste Fund had \$1,882,149 (25.1%). Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The original budget for the City of Stockbridge's General Fund for 2016 was \$8,944,168. There was a \$2,112,912 difference between the net change in fund balance from the original budget and the final amended budget. This was due to reduced expenditures and revenues.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at December 31, 2016 amounts to \$60,062,035 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges and roads.

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

- Playground and park equipment at Memorial Park and Reeves Creek trail, totaling \$110,048 with partial funding through the Community Development Block Grant, and SPLOST IV funds.
- \$211,432 for the purchase of a 7600 International Truck for use in several operating areas.
- \$189,434 for Sidewalks along MLK Sr. Trail.
- \$34,498 for new tile at the Ted Strickland Community Center.

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

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

### City of Stockbridge's Outstanding Debt

Governmental Activities	
Revenue Bonds	\$ 13,025,000
Accrued Compensated Absences	95,006
Net Pension Liability	1,174,436
Business Type Activities	
GEFA Notes Payable	1,515,078
Accrued Compensated Absences	36,573
Net Pension Liability	465,843
TOTAL	<u>\$ 16,311,936</u>

The City's total debt decreased by \$149,133. Additional information on the City's long-term debt can be found in note 7.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Stockbridge is \$81,134,474, which is in excess of the City of Stockbridge's outstanding general obligation debt.

### Economic Factors and Next Year's Budgets and Rates

- The estimated unemployment rate for the City of Stockbridge is currently 6.7 percent, which is slightly above the state and the national rates.
- Cost of Living indices in the region, compare favorably to national indices.
- Occupational Taxes (Business Licenses) were up from 2016 due to the economy rebound. These are based on gross receipts.
- Sales tax receipts have been stable in recent months.

All of these factors were considered in preparing the City of Stockbridge's budget for Fiscal Year 2017.

## **Requests for Information**

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

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

## **BASIC FINANCIAL STATEMENTS**

# CITY OF STOCKBRIDGE, GEORGIA

## STATEMENT OF NET POSITION DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,035,307	\$ 8,545,215	\$ 29,580,522
Investments	6,044,087	58,000	6,102,087
Taxes receivable	1,688,902	-	1,688,902
Accounts receivable, net of allowances	64,773	568,139	632,912
Due from other governments	399,914	25,501	425,415
Inventories	-	103,097	103,097
Prepaid expenses	73,521	24,328	97,849
Restricted assets, cash and cash equivalents	2,256	-	2,256
Assets held for resale	4,532,836	-	4,532,836
Capital assets, nondepreciable	10,921,999	570,028	11,492,027
Capital assets, depreciable, net of accumulated depreciation	26,809,393	17,282,970	44,092,363
Total assets	71,572,988	27,177,278	98,750,266
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	555,859	220,485	776,344
Total deferred outflows of resources	555,859	220,485	776,344
<b>LIABILITIES</b>			
Accounts payable	250,988	184,222	435,210
Retainage payable	3,470	-	3,470
Accrued interest expense	250,105	3,788	253,893
Other accrued expenses	75,793	29,330	105,123
Customer deposits	-	193,705	193,705
Compensated absences due within one year	19,001	7,315	26,316
Compensated absences due in more than one year	76,005	29,258	105,263
Unearned revenue	637,690	1,043,856	1,681,546
Bonds payable due within one year	625,000	-	625,000
Bonds payable due in more than one year	12,400,000	-	12,400,000
Notes payable due within one year	-	82,922	82,922
Notes payable due in more than one year	-	1,432,156	1,432,156
Net pension liability	1,174,436	465,843	1,640,279
Total liabilities	15,512,488	3,472,395	18,984,883
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	232,487	92,216	324,703
Total deferred inflows of resources	232,487	92,216	324,703
<b>NET POSITION</b>			
Net investment in capital assets	24,706,392	16,337,920	41,044,312
Restricted for capital projects	16,557,661	-	16,557,661
Restricted for tourism	187,190	-	187,190
Restricted for cemetery maintenance	12,284	-	12,284
Unrestricted	14,920,345	7,495,232	22,415,577
Total net position	\$ 56,383,872	\$ 23,833,152	\$ 80,217,024

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

**CITY OF STOCKBRIDGE, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,496,445	\$ 430,767	\$ -	\$ 23,668
Judicial	447,338	419,041	-	-
Public safety	584,235	-	-	-
Public works	1,650,982	-	-	2,839,897
Housing and development	739,159	-	-	-
Interest on long-term debt	602,535	-	-	-
Total governmental activities	<u>7,520,694</u>	<u>849,808</u>	<u>-</u>	<u>2,863,565</u>
Business-type activities:				
Water and sewer	3,090,427	3,356,353	-	-
Stormwater	389,999	509,886	-	-
Solid waste	1,024,671	1,212,246	-	-
Conference center	393,485	168,874	-	-
Community center	51,876	48,538	-	-
Total business-type activities	<u>4,950,458</u>	<u>5,295,897</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 12,471,152</u>	<u>\$ 6,145,705</u>	<u>\$ -</u>	<u>\$ 2,863,565</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage excise taxes				
Business and occupation taxes				
Insurance premium taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,042,010)	\$ -	\$ (3,042,010)
(28,297)	-	(28,297)
(584,235)	-	(584,235)
1,188,915	-	1,188,915
(739,159)	-	(739,159)
(602,535)	-	(602,535)
<u>(3,807,321)</u>	<u>-</u>	<u>(3,807,321)</u>
-	265,926	265,926
-	119,887	119,887
-	187,575	187,575
-	(224,611)	(224,611)
<u>-</u>	<u>(3,338)</u>	<u>(3,338)</u>
<u>-</u>	<u>345,439</u>	<u>345,439</u>
<u>(3,807,321)</u>	<u>345,439</u>	<u>(3,461,882)</u>
124,284	-	124,284
3,785,414	-	3,785,414
1,480,642	-	1,480,642
711,402	-	711,402
601,511	-	601,511
1,642,740	-	1,642,740
222,993	-	222,993
103,613	-	103,613
1,381	4	1,385
<u>(493,164)</u>	<u>493,164</u>	<u>-</u>
<u>8,180,816</u>	<u>493,168</u>	<u>8,673,984</u>
4,373,495	838,607	5,212,102
<u>52,010,377</u>	<u>22,994,545</u>	<u>75,004,922</u>
<u>\$ 56,383,872</u>	<u>\$ 23,833,152</u>	<u>\$ 80,217,024</u>

**CITY OF STOCKBRIDGE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>General Fund</b>	<b>Urban Redevelopment Fund</b>	<b>Downtown Development Fund</b>	<b>SPLOST IV Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,627,963	\$ -	\$ 137,727	\$ 6,297,659	\$ 3,971,958	\$ 21,035,307
Investments	-	-	-	6,031,803	12,284	6,044,087
Taxes receivable	1,670,952	-	-	-	17,950	1,688,902
Accounts receivable	62,273	-	2,500	-	-	64,773
Due from other governments	20,638	-	-	379,276	-	399,914
Prepaid expenditures	72,924	-	117	-	480	73,521
Assets held for resale	4,532,836	-	-	-	-	4,532,836
Restricted assets, cash	-	2,256	-	-	-	2,256
<b>Total assets</b>	<b>\$ 16,987,586</b>	<b>\$ 2,256</b>	<b>\$ 140,344</b>	<b>\$ 12,708,738</b>	<b>\$ 4,002,672</b>	<b>\$ 33,841,596</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 161,330	\$ -	\$ 3,040	\$ 51,929	\$ 34,689	\$ 250,988
Retainage payable	-	-	-	3,470	-	3,470
Accrued liabilities	72,643	-	3,150	-	-	75,793
Unearned revenue - occupational taxes	637,690	-	-	-	-	637,690
<b>Total liabilities</b>	<b>871,663</b>	<b>-</b>	<b>6,190</b>	<b>55,399</b>	<b>34,689</b>	<b>967,941</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - court fines	51,699	-	-	-	-	51,699
Unavailable revenue - rental income	4,917	-	-	-	-	4,917
Unavailable revenue - franchise taxes	68,426	-	-	-	-	68,426
<b>Total deferred inflows of resources</b>	<b>125,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,042</b>
<b>FUND BALANCES</b>						
Fund balances:						
Nonspendable:						
Prepays	72,924	-	117	-	480	73,521
Permanent fund corpus	-	-	-	-	5,000	5,000
Assets held for resale	4,532,836	-	-	-	-	4,532,836
Restricted for:						
Capital projects	-	2,256	134,037	12,653,339	3,768,029	16,557,661
Tourism	-	-	-	-	187,190	187,190
Cemetery maintenance	-	-	-	-	7,284	7,284
Assigned for purchases on order	58,937	-	-	-	-	58,937
Unassigned (deficit)	11,326,184	-	-	-	-	11,326,184
<b>Total fund balances</b>	<b>15,990,881</b>	<b>2,256</b>	<b>134,154</b>	<b>12,653,339</b>	<b>3,967,983</b>	<b>32,748,613</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,987,586</b>	<b>\$ 2,256</b>	<b>\$ 140,344</b>	<b>\$ 12,708,738</b>	<b>\$ 4,002,672</b>	
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.						\$ 37,731,392
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.						125,042
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.						(851,064)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.						(13,370,111)
Net position of governmental activities						<u>\$ 56,383,872</u>

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

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<b>General Fund</b>	<b>Urban Redevelopment Fund</b>	<b>Downtown Development Fund</b>	<b>SPLOST IV Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 8,402,054	\$ -	\$ -	\$ -	\$ 222,993	\$ 8,625,047
Licenses and permits	258,637	-	-	-	-	258,637
Intergovernmental	182,603	-	-	2,502,294	155,000	2,839,897
Fines and forfeitures	539,215	-	-	-	-	539,215
Charges for services	5,590	-	-	-	-	5,590
Interest income	1,381	-	-	23,056	612	25,049
Other revenues	161,623	-	-	-	-	161,623
<b>Total revenues</b>	<b>9,551,103</b>	<b>-</b>	<b>-</b>	<b>2,525,350</b>	<b>378,605</b>	<b>12,455,058</b>
<b>Expenditures</b>						
Current:						
General government	2,701,378	-	-	-	-	2,701,378
Judicial	437,762	-	-	-	-	437,762
Public safety	136,373	-	-	-	-	136,373
Public works and parks	1,699,509	-	-	-	-	1,699,509
Housing and development	470,680	-	100,609	-	167,870	739,159
Capital outlay:						
General government	-	-	-	21,354	178,085	199,439
Public safety	-	-	-	-	407,110	407,110
Public works	-	-	-	94,996	56,373	151,369
Culture and recreation	-	-	-	111,251	-	111,251
Debt service:						
Principal	-	595,000	-	-	-	595,000
Interest	-	613,951	-	-	-	613,951
<b>Total expenditures</b>	<b>5,445,702</b>	<b>1,208,951</b>	<b>100,609</b>	<b>227,601</b>	<b>809,438</b>	<b>7,792,301</b>
Excess (deficiency) of revenues over (under) expenditures	4,105,401	(1,208,951)	(100,609)	2,297,749	(430,833)	4,662,757
<b>Other financing sources (uses):</b>						
Recognition of elimination of debt	(1,467,164)	-	6,000,000	-	-	4,532,836
Transfers in	113,510	1,208,951	-	-	24,554	1,347,015
Transfers out	(1,377,187)	-	-	-	(24,554)	(1,401,741)
<b>Total other financing     sources (uses)</b>	<b>(2,730,841)</b>	<b>1,208,951</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>4,478,110</b>
Net change in fund balances	1,374,560	-	5,899,391	2,297,749	(430,833)	9,140,867
<b>Fund balances (deficit), beginning of year</b>	<b>14,616,321</b>	<b>2,256</b>	<b>(5,765,237)</b>	<b>10,355,590</b>	<b>4,398,816</b>	<b>23,607,746</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 15,990,881</b>	<b>\$ 2,256</b>	<b>\$ 134,154</b>	<b>\$ 12,653,339</b>	<b>\$ 3,967,983</b>	<b>\$ 32,748,613</b>

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

# CITY OF STOCKBRIDGE, GEORGIA

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

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

Net change in fund balances - total governmental funds	\$ 9,140,867
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(234,078)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(4,971,274)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(67,705)
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.	595,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(89,315)</u>
Changes in net position - governmental activities	<u>\$ 4,373,495</u>

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

**CITY OF STOCKBRIDGE, GEORGIA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Sales taxes	\$ 3,018,082	\$ 3,620,828	\$ 3,785,414	\$ 164,586
Other taxes	4,386,250	4,386,250	4,616,640	230,390
Licenses and permits	201,000	201,000	258,637	57,637
Intergovernmental	125,000	125,000	182,603	57,603
Fines and forfeitures	1,105,836	440,836	539,215	98,379
Charges for services	500	500	5,590	5,090
Contributions	500	500	-	(500)
Interest income	1,000	1,000	1,381	381
Other revenues	106,000	106,000	161,623	55,623
Total revenues	<u>8,944,168</u>	<u>8,881,914</u>	<u>9,551,103</u>	<u>669,189</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	246,192	204,132	204,132	-
Executive	614,500	569,090	569,090	-
Financial administration	1,580,315	1,360,938	1,351,692	9,246
Data processing	93,000	110,249	110,249	-
Building and plant	722,500	466,215	466,215	-
Total general government	<u>3,256,507</u>	<u>2,710,624</u>	<u>2,701,378</u>	<u>9,246</u>
<b>Judicial:</b>				
Municipal court	782,878	437,762	437,762	-
<b>Public safety:</b>				
Police administration	755,000	156,324	136,373	19,951
<b>Public Works and Parks:</b>				
Public works	2,236,192	1,676,458	1,646,032	30,426
Parks	56,000	53,477	53,477	-
Total public works	<u>2,292,192</u>	<u>1,729,935</u>	<u>1,699,509</u>	<u>30,426</u>
<b>Housing and development:</b>				
Code enforcement	209,435	160,392	160,392	-
Main Street	181,580	147,862	147,862	-
Planning and zoning	89,900	48,115	48,115	-
City events	110,500	114,311	114,311	-
Total housing and development	<u>591,415</u>	<u>470,680</u>	<u>470,680</u>	<u>-</u>
Total expenditures	<u>7,677,992</u>	<u>5,505,325</u>	<u>5,445,702</u>	<u>59,623</u>
Excess of revenues over expenditures	<u>1,266,176</u>	<u>3,376,589</u>	<u>4,105,401</u>	<u>728,812</u>
<b>Other financing sources (uses):</b>				
Recognition of elimination of debt	-	-	(1,467,164)	(1,467,164)
Transfers in	113,510	113,510	113,510	-
Transfers out	(1,379,686)	(1,377,187)	(1,377,187)	-
Total other financing sources	<u>(1,266,176)</u>	<u>(1,263,677)</u>	<u>(2,730,841)</u>	<u>(1,467,164)</u>
Net change in fund balances	-	2,112,912	1,374,560	(738,352)
<b>Fund balances, beginning of year</b>	<u>14,616,321</u>	<u>14,616,321</u>	<u>14,616,321</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 14,616,321</u>	<u>\$ 16,729,233</u>	<u>\$ 15,990,881</u>	<u>\$ (738,352)</u>

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

**CITY OF STOCKBRIDGE, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Conference Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 3,964,156	\$ 2,979,097	\$ 243,452	\$ 1,358,510	\$ 8,545,215
Investments	58,000	-	-	-	58,000
Accounts receivable, net of allowances	384,208	55,876	-	128,055	568,139
Due from other governments	14,189	4,743	-	6,569	25,501
Inventories	103,097	-	-	-	103,097
Prepaid expenses	20,716	1,097	761	1,754	24,328
Total current assets	<u>4,544,366</u>	<u>3,040,813</u>	<u>244,213</u>	<u>1,494,888</u>	<u>9,324,280</u>
<b>NONCURRENT ASSETS</b>					
Capital assets:					
Capital assets, non-depreciable	523,387	-	28,641	18,000	570,028
Capital assets, depreciable, net of accumulated depreciation	13,590,094	116,771	2,441,808	1,134,297	17,282,970
Total capital assets	<u>14,113,481</u>	<u>116,771</u>	<u>2,470,449</u>	<u>1,152,297</u>	<u>17,852,998</u>
Total noncurrent assets	<u>14,113,481</u>	<u>116,771</u>	<u>2,470,449</u>	<u>1,152,297</u>	<u>17,852,998</u>
Total assets	<u>18,657,847</u>	<u>3,157,584</u>	<u>2,714,662</u>	<u>2,647,185</u>	<u>27,177,278</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension	130,869	13,994	28,405	47,217	220,485
Total deferred outflows of resources	<u>130,869</u>	<u>13,994</u>	<u>28,405</u>	<u>47,217</u>	<u>220,485</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	76,962	88,748	11,729	6,783	184,222
Accrued liabilities	17,670	1,334	3,897	6,429	29,330
Unearned revenue	-	1,043,856	-	-	1,043,856
Notes payable, current portion	82,922	-	-	-	82,922
Compensated absences due within one year	3,814	660	1,171	1,669	7,315
Customer deposits	126,555	-	49,070	18,080	193,705
Accrued interest	3,788	-	-	-	3,788
Total current liabilities	<u>311,711</u>	<u>1,134,598</u>	<u>65,867</u>	<u>32,961</u>	<u>1,545,138</u>
<b>NONCURRENT LIABILITIES</b>					
Compensated absences due in more than one year	15,257	2,641	4,684	6,677	29,258
Net pension liability	276,501	29,566	60,015	99,761	465,843
Notes payable, long-term portion	1,432,156	-	-	-	1,432,156
Total noncurrent liabilities	<u>1,723,914</u>	<u>32,207</u>	<u>64,699</u>	<u>106,438</u>	<u>1,927,257</u>
Total liabilities	<u>2,035,625</u>	<u>1,166,805</u>	<u>130,566</u>	<u>139,399</u>	<u>3,472,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension	54,735	5,853	11,880	19,748	92,216
Total deferred outflows of resources	<u>54,735</u>	<u>5,853</u>	<u>11,880</u>	<u>19,748</u>	<u>92,216</u>
<b>NET POSITION</b>					
Net investment in capital assets	12,598,403	116,771	2,470,449	1,152,297	16,337,920
Unrestricted	4,099,953	1,882,149	130,172	1,382,958	7,495,232
Total net position	<u>\$ 16,698,356</u>	<u>\$ 1,998,920</u>	<u>\$ 2,600,621</u>	<u>\$ 2,535,255</u>	<u>\$ 23,833,152</u>

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

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Conference Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>					
Charges for services:					
Water sales	\$ 1,734,205	\$ -	\$ -	\$ -	\$ 1,734,205
Sewer sales	1,537,069	-	-	-	1,537,069
Stormwater fees	-	-	-	509,886	509,886
Sanitation charges	-	1,075,552	-	-	1,075,552
Rentals	-	136,694	168,874	48,538	354,106
Other fees and charges	85,079	-	-	-	85,079
Total operating revenues	<u>3,356,353</u>	<u>1,212,246</u>	<u>168,874</u>	<u>558,424</u>	<u>5,295,897</u>
<b>OPERATING EXPENSES</b>					
Personal services and employee benefits	961,082	122,336	158,467	302,437	1,544,322
Contracted services	444,383	842,177	105,291	64,840	1,456,691
Supplies	959,555	20,153	35,266	25,027	1,040,001
Repairs and maintenance	15,129	-	4,646	7,433	27,208
Bad debt expense	20,119	-	-	-	20,119
Depreciation	643,594	40,005	89,815	42,138	815,552
Total operating expenses	<u>3,043,862</u>	<u>1,024,671</u>	<u>393,485</u>	<u>441,875</u>	<u>4,903,893</u>
Operating income (loss)	<u>312,491</u>	<u>187,575</u>	<u>(224,611)</u>	<u>116,549</u>	<u>392,004</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>					
Loss on disposal of assets	-	(24,406)	-	-	(24,406)
Interest income	4	-	-	-	4
Interest expense	(46,565)	-	-	-	(46,565)
Total non-operating revenue (expenses)	<u>(46,561)</u>	<u>(24,406)</u>	<u>-</u>	<u>-</u>	<u>(70,967)</u>
Income (loss) before capital contributions and transfers	265,930	163,169	(224,611)	116,549	321,037
<b>CAPITAL CONTRIBUTIONS</b>	428,346	-	-	34,498	462,844
<b>TRANSFERS IN</b>	11,665	-	168,236	-	179,901
<b>TRANSFERS OUT</b>	(53,610)	-	-	(71,565)	(125,175)
Change in net position	652,331	163,169	(56,375)	79,482	838,607
<b>NET POSITION, beginning of year</b>	<u>16,046,025</u>	<u>1,835,751</u>	<u>2,656,996</u>	<u>2,455,773</u>	<u>22,994,545</u>
<b>NET POSITION, end of year</b>	<u>\$ 16,698,356</u>	<u>\$ 1,998,920</u>	<u>\$ 2,600,621</u>	<u>\$ 2,535,255</u>	<u>\$ 23,833,152</u>

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

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Conference Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,346,862	\$ 1,244,855	\$ 180,092	\$ 563,405	\$ 5,335,214
Payments to suppliers and service providers	(1,450,893)	(793,720)	(136,007)	(104,882)	(2,485,502)
Payments to employees	<u>(1,048,600)</u>	<u>(203,745)</u>	<u>(129,183)</u>	<u>(270,922)</u>	<u>(1,652,450)</u>
Net cash provided by (used in) operating activities	<u>847,369</u>	<u>247,390</u>	<u>(85,098)</u>	<u>187,601</u>	<u>1,197,262</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	<u>(53,610)</u>	<u>-</u>	<u>168,236</u>	<u>(59,900)</u>	<u>54,726</u>
Net cash provided by (used in) non-capital financing activities	<u>(53,610)</u>	<u>-</u>	<u>168,236</u>	<u>(59,900)</u>	<u>54,726</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Purchase of property and equipment	(52,623)	-	-	(121,020)	(173,643)
Principal payments on notes payable	(80,474)	-	-	-	(80,474)
Interest paid	<u>(46,766)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,766)</u>
Net cash used in capital and related financing activities	<u>(179,863)</u>	<u>-</u>	<u>-</u>	<u>(121,020)</u>	<u>(300,883)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Net cash provided by investing activities	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Increase in cash and cash equivalents	613,900	247,390	83,138	6,681	951,109
<b>Cash and cash equivalents:</b>					
Beginning of year	<u>3,350,256</u>	<u>2,731,707</u>	<u>160,314</u>	<u>1,351,829</u>	<u>7,594,106</u>
End of year	<u>\$ 3,964,156</u>	<u>\$ 2,979,097</u>	<u>\$ 243,452</u>	<u>\$ 1,358,510</u>	<u>\$ 8,545,215</u>

**(Continued)**

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Conference Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 312,491	\$ 187,575	\$ (224,611)	\$ 116,549	\$ 392,004
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	643,594	40,005	89,815	42,138	815,552
(Increase) decrease in accounts receivable	(10,891)	8,931	-	2,132	172
Decrease in inventories	6,222	-	-	-	6,222
Increase in due from other governments	-	(946)	-	(4,921)	(5,867)
(Increase) decrease in deferred outflows of resources - pension	(56,068)	10,742	(22,163)	(34,728)	(102,217)
Increase in customer deposits	1,400	-	11,218	7,770	20,388
Increase in prepaid expenses	(13,912)	(954)	(103)	(1,567)	(16,536)
Increase (decrease) in accrued liabilities	(23,506)	(15,405)	7,854	3,367	(27,690)
Increase (decrease) in accounts payable	(4,017)	69,564	9,299	3,086	77,932
Decrease in retainage payable	-	-	-	(9,101)	(9,101)
Increase in unearned revenue	-	24,624	-	-	24,624
Increase (decrease) in deferred inflows of resources - pension	(40,419)	(25,614)	3,940	3,860	(58,233)
Increase (decrease) in net pension liability	32,475	(51,132)	39,653	59,016	80,012
Net cash provided by (used in) operating activities	<u>\$ 847,369</u>	<u>\$ 247,390</u>	<u>\$ (85,098)</u>	<u>\$ 187,601</u>	<u>\$ 1,197,262</u>
<b>NON-CASH CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Contributions of capital assets from other funds	<u>\$ 428,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,498</u>	<u>\$ 462,844</u>

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

# CITY OF STOCKBRIDGE, GEORGIA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

#### D. Use of Estimates

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

#### E. Cash and Investments

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **E. Cash and Investments (Continued)**

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

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

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

In applying GASB Statement No. 72, the City utilized the following methods and assumptions as of December 31, 2016:

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

#### **F. Inventories**

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

#### **G. Prepaid Expenditures/Expenses**

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of December 31, 2016.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Restricted Assets

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

#### I. Deferred Outflows/Inflows

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

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

#### J. Pensions

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Capital Assets

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

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

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

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

#### L. Compensated Absences

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Accrued Liabilities and Long-Term Obligations

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

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

#### N. Interfund Activity

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

#### O. Budgets and Budgetary Accounting

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

Governmental fund type budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as amended in December 2016. All annual appropriations lapse at year-end.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Revenues

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

#### Q. Expenditures

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

#### R. Fund Equity

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### R. Fund Equity (Continued)

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,370,111 difference are as follows:

Accrued interest payable	\$ (250,105)
Compensated absences payable	(95,006)
Bonds payable	<u>(13,025,000)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (13,370,111)</u></u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$234,078 difference are as follows:

Capital outlay	\$ 965,173
Depreciation expense	<u>(1,199,251)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (234,078)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that "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 \$89,315 difference are as follows:

Compensated absences	\$ 23,016
Net pension liability	(123,747)
Accrued interest	<u>11,416</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities	<u><u>\$ (89,315)</u></u>

### NOTE 3. CASH AND INVESTMENTS

**Credit Risk.** State statutes authorize the City to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1).

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

**Credit Risk (Continued)** The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. The City does not have a policy for credit risk beyond the types of investments authorized by Georgia State law.

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

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2016, all of the deposits for the City were fully collateralized in accordance with the state statutes.

**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 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.

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

At December 31, 2016, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	42 day weighted average	\$ 6,031,803
Certificate of Deposit	August 19, 2019	12,284
Certificate of Deposit	December 29, 2018	58,000
		\$ 6,102,087

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The City, when applicable, obtains the services of Henry County to bill and collect the City's property taxes. The County remits taxes collected to the City on a bi-monthly basis. Property taxes are levied approximately October 1 of each year and are due 60 days after issuance. A local option sales tax is in force. Proceeds from the tax are remitted to the City monthly and are utilized to give property tax owners tax relief. No property taxes were levied for the year ended December 31, 2016. There were no property taxes receivable as of December 31, 2016.

### NOTE 5. RECEIVABLES

Receivables at December 31, 2016 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

#### Governmental Funds

	<u>General</u>	<u>SPLOST IV</u>	<u>Downtown Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 20,638	\$ 379,276	\$ -	\$ 17,950	\$ 417,864
Taxes	1,670,952	-	-	-	1,670,952
Accounts	117,616	-	2,500	-	120,116
Gross receivables	<u>1,809,206</u>	<u>379,276</u>	<u>2,500</u>	<u>17,950</u>	<u>2,208,932</u>
Less allowance for uncollectibles	(55,343)	-	-	-	(55,343)
Net total receivables	<u>\$ 1,753,863</u>	<u>\$ 379,276</u>	<u>\$ 2,500</u>	<u>\$ 17,950</u>	<u>\$ 2,153,589</u>

#### Proprietary Funds

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 14,189	\$ 4,743	\$ 6,569	\$ 25,501
Accounts	407,323	55,876	128,055	591,254
Gross receivables	<u>421,512</u>	<u>60,619</u>	<u>134,624</u>	<u>616,755</u>
Less allowance for uncollectibles	(23,115)	-	-	(23,115)
Net total receivables	<u>\$ 398,397</u>	<u>\$ 60,619</u>	<u>\$ 134,624</u>	<u>\$ 593,640</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2016, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 13,336,270	\$ 31,457	\$ (2,707,032)	\$ -	\$ 10,660,695
Construction in Progress	226,655	275,793	-	(241,144)	261,304
Total	<u>13,562,925</u>	<u>307,250</u>	<u>(2,707,032)</u>	<u>(241,144)</u>	<u>10,921,999</u>
Capital assets, being depreciated:					
Buildings and improvements	23,861,128	-	(1,920,674)	-	21,940,454
Improvements other than buildings	2,277,304	-	-	-	2,277,304
Infrastructure	8,149,467	143,934	-	24,230	8,317,631
Machinery and equipment	1,437,151	194,861	-	15,999	1,648,011
Office equipment	888,835	16,085	-	-	904,920
Vehicles	1,269,543	268,545	(10,546)	(171,326)	1,356,216
Furniture and fixtures	1,063,391	34,498	-	(34,498)	1,063,391
Total	<u>38,946,819</u>	<u>657,923</u>	<u>(1,931,220)</u>	<u>(165,595)</u>	<u>37,507,927</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,048,595)	(536,966)	94,870	-	(4,490,691)
Improvements other than buildings	(726,147)	(100,986)	-	-	(827,133)
Infrastructure	(1,325,015)	(199,666)	-	-	(1,524,681)
Machinery and equipment	(1,195,852)	(83,387)	-	(15,999)	(1,295,238)
Office equipment	(587,412)	(96,932)	-	-	(684,344)
Vehicles	(937,946)	(93,141)	10,546	(15,700)	(1,036,241)
Furniture and fixtures	(752,033)	(88,173)	-	-	(840,206)
Total	<u>(9,573,000)</u>	<u>(1,199,251)</u>	<u>105,416</u>	<u>(31,699)</u>	<u>(10,698,534)</u>
Total assets, being depreciated, net	<u>29,373,819</u>	<u>(541,328)</u>	<u>(1,825,804)</u>	<u>(197,294)</u>	<u>26,809,393</u>
Governmental activities capital assets, net	<u>\$ 42,936,744</u>	<u>\$ (234,078)</u>	<u>\$ (4,532,836)</u>	<u>\$ (438,438)</u>	<u>\$ 37,731,392</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 445,603	\$ -	\$ -	\$ -	\$ 445,603
Construction in Progress	234,279	37,510	-	(147,364)	124,425
Total	<u>679,882</u>	<u>37,510</u>	<u>-</u>	<u>(147,364)</u>	<u>570,028</u>
Capital assets, being depreciated:					
Buildings and improvements	6,041,950	15,888	-	1,800	6,059,638
Improvements other than buildings	18,157,568	-	-	125,199	18,282,767
Infrastructure	224,023	21,249	-	237,279	482,551
Vehicles	1,584,236	-	(327,727)	118,529	1,375,038
Furniture and fixtures	420,789	-	-	34,498	455,287
Machinery and equipment	1,283,712	98,996	-	36,797	1,419,505
Total	<u>27,712,278</u>	<u>136,133</u>	<u>(327,727)</u>	<u>554,102</u>	<u>28,074,786</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,239,964)	(327,577)	-	-	(1,567,541)
Improvements other than buildings	(6,525,539)	(243,124)	-	-	(6,768,663)
Infrastructure	(49,993)	(11,776)	-	-	(61,769)
Vehicles	(1,154,440)	(126,055)	327,727	68,497	(884,271)
Furniture and fixtures	(312,373)	(23,815)	-	-	(336,188)
Machinery and equipment	(1,053,382)	(83,205)	-	(36,797)	(1,173,384)
Total	<u>(10,335,691)</u>	<u>(815,552)</u>	<u>327,727</u>	<u>31,700</u>	<u>(10,791,816)</u>
Total assets, being depreciated, net	<u>17,376,587</u>	<u>(679,419)</u>	<u>-</u>	<u>585,802</u>	<u>17,282,970</u>
Business-type activities capital assets, net	<u>\$ 18,056,469</u>	<u>\$ (641,909)</u>	<u>\$ -</u>	<u>\$ 438,438</u>	<u>\$ 17,852,998</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

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

<b>Governmental activities:</b>	
General government	\$ 628,760
Judicial	57,011
Public safety	58,881
Public works	<u>454,599</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,199,251</u></u>
 <b>Business-type activities:</b>	
Water and sewer	\$ 643,594
Solid Waste	40,005
Stormwater	21,785
Conference center	89,815
Community center	<u>20,353</u>
Total depreciation expense - business-type activities	<u><u>\$ 815,552</u></u>

### NOTE 7. LONG-TERM DEBT

**Changes in Long-Term Debt.** The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Urban Redevelopment revenue bonds	\$ 13,620,000	\$ -	\$ (595,000)	\$ 13,025,000	\$ 625,000
Accrued compensated absences	118,022	158,828	(181,844)	95,006	19,001
Net pension liability	<u>671,326</u>	<u>866,754</u>	<u>(363,644)</u>	<u>1,174,436</u>	<u>-</u>
Total Governmental-Type Activity Long-Term Debt	<u><u>\$ 14,409,348</u></u>	<u><u>\$ 1,025,582</u></u>	<u><u>\$ (1,140,488)</u></u>	<u><u>\$ 14,294,442</u></u>	<u><u>\$ 644,001</u></u>
 <b>Business-type activities:</b>					
GEFA notes payable	\$ 1,595,552	\$ -	\$ (80,474)	\$ 1,515,078	\$ 82,922
Accrued compensated absences	70,338	102,708	(136,473)	36,573	7,315
Net pension liability	<u>385,831</u>	<u>137,829</u>	<u>(57,817)</u>	<u>465,843</u>	<u>-</u>
Total Business-Type Activity Long-Term Debt	<u><u>\$ 2,051,721</u></u>	<u><u>\$ 240,537</u></u>	<u><u>\$ (274,764)</u></u>	<u><u>\$ 2,017,494</u></u>	<u><u>\$ 90,237</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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

**Urban Redevelopment Revenue Bonds.** The City entered into an agreement with a financial institution that provided for the issuance of revenue bonds for the purchase of land and construction of structures and improvements for the New Town Center. Various bond issues were used by the City during the purchase and construction phases. Some of the issues were nontaxable while others were taxable issues. All of the remaining outstanding bonds are nontaxable. During the year ended December 31, 2016, the City repaid various bond issues in the amount of \$595,000. Amounts outstanding at year-end of \$13,025,000 reflect total drawdowns to date net of repayments, if any.

Urban Redevelopment Fund long-term liabilities outstanding at December 31, 2016, are as follows:

Series 2005 B Revenue bonds payable to Wells Fargo Bank, in the total amount of \$7,330,000, interest at 4.45%, matures 2/1/31	\$ 5,545,000
Series 2006 A Revenue bonds payable to Wells Fargo Bank, in the total amount of \$4,795,000, current interest at 4.58%, matures 2/1/31	3,650,000
Series 2006 C Revenue bonds payable to Wells Fargo Bank, in the total amount of \$5,000,000, current interest at 4.865%, matures 2/1/31	<u>3,830,000</u>
Total	<u><u>\$ 13,025,000</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 625,000	\$ 585,859	\$ 1,210,859
2018	650,000	556,491	1,206,491
2019	680,000	525,859	1,205,859
2020	710,000	493,848	1,203,848
2021	745,000	460,337	1,205,337
2022-2026	4,275,000	1,744,519	6,019,519
2027-2031	<u>5,340,000</u>	<u>637,404</u>	<u>5,977,404</u>
Total	<u>\$ 13,025,000</u>	<u>\$ 5,004,317</u>	<u>\$ 18,029,317</u>

**Water and Sewer Long-Term Debt.** The City issues revenue bonds and enters into construction note agreements with the Georgia Environmental Facilities Authority where in both types of debt the government pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year relate to a note issued in 2010 to finance construction projects to improve the City's water distribution facilities. The note was issued by the Georgia Environmental Facilities Authority in the total amount of \$1,911,900. During the year ended December 31, 2016 the City repaid \$80,474 of the note payable. Amounts outstanding at year-end of \$1,515,078 reflect total drawdowns to date net of repayments, if any.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 82,922	44,318	\$ 127,240
2018	85,444	41,796	127,240
2019	88,043	39,197	127,240
2020	90,721	36,519	127,240
2021	93,480	33,760	127,240
2022-2026	511,820	124,381	636,201
2027-2031	<u>562,648</u>	<u>41,742</u>	<u>604,390</u>
Total	<u>\$ 1,515,078</u>	<u>\$ 361,713</u>	<u>\$ 1,876,791</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND TRANSFERS

Transfers In	Transfers Out				Total
	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ -	\$ 53,610	\$ 59,900	\$ 113,510
Urban Redevelopment Fund	1,208,951	-	-	-	1,208,951
Conference Center Fund	168,236	-	-	-	168,236
Water & Sewer Fund	-	-	-	11,665	11,665
Non-major Governmental Funds	-	24,554	-	-	24,554
<b>Total</b>	<b>\$ 1,377,187</b>	<b>\$ 24,554</b>	<b>\$ 53,610</b>	<b>\$ 71,565</b>	<b>\$ 1,526,916</b>

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.

### NOTE 9. JOINT VENTURE

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

Atlanta Regional Commission  
40 Courtland Street, NE  
Atlanta, Georgia 30303

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN

#### Plan Description

The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City 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](http://www.gmanet.com) or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

#### Plan Membership

As of July 1, 2016, the date of the most recent actuarial valuation, there were 116 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not receiving benefits	22
Active plan members	66
	<hr/>
	118

#### 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. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended December 31, 2016, the City's contribution rate was 13.9% of annual payroll. City contributions to the Plan were \$324,297 for the year ended December 31, 2016.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City

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

The City's net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2016.

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

Inflation	3.25%
Salary increases	3.75% - 8.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.75 %
International equity	20	7.45
Real estate	10	4.55
Global fixed income	5	3.30
Domestic fixed income	20	1.75
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 plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended December 31, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balances at December 31, 2015</b>	\$ 8,127,824	\$ 7,070,667	\$ 1,057,157
<b>Changes for the year:</b>			
Service cost	247,214	-	247,214
Interest	611,199	-	611,199
Differences between expected and actual experience	132,894	-	132,894
Assumption changes	-	-	-
Contributions - employer	-	401,339	(401,339)
Contributions - employee	-	-	-
Net investment income	-	20,122	(20,122)
Benefit payments, including refunds of employee contributions	(482,759)	(482,759)	-
Administrative expense	-	(13,276)	13,276
<b>Net changes</b>	<u>508,548</u>	<u>(74,574)</u>	<u>583,122</u>
<b>Balances at December 31, 2016</b>	<u>\$ 8,636,372</u>	<u>\$ 6,996,093</u>	<u>\$ 1,640,279</u>

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's net pension liability	\$ 2,733,170	\$ 1,640,279	\$ 725,079

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2016 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2016, the City recognized pension expense of \$367,608. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 110,745	\$ (248,608)
Changes in assumptions	3,028	-
Net difference between projected and actual earnings on pension plan investments	419,348	(76,095)
City contributions subsequent to the measurement date	243,223	-
Total	<u>\$ 776,344</u>	<u>\$ (324,703)</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$243,223 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2017	\$ 40,226
2018	40,226
2019	40,226
2020	65,591
2021	22,149
Total	<u>\$ 208,418</u>

### NOTE 11. RISK MANAGEMENT

The City of Stockbridge is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries commercial insurance in amounts deemed prudent by City management. Commercial insurance is carried for coverage of property, errors and omissions, professional liability and injuries to employees.

There have been no significant reductions of insurance coverage from coverage in the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### NOTE 12. COMMITMENTS AND CONTINGENCIES

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

In 2014, the citizens of Henry County voted to approve a special purpose local option sales tax to help finance the acquisition and construction of major capital equipment and facilities. In relation to this, the City entered into an intergovernmental agreement with Henry County and the other cities inside the County whereby Henry County would issue revenue bonds to finance some of the SPLOST projects in advance of the SPLOST tax collections. The City of Stockbridge received \$6,000,000 from the County under this agreement in fiscal year 2015.

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

### **NOTE 13. HOTEL/MOTEL TAX**

The City levies an 8% hotel/motel tax in accordance with the provisions of OCGA 48-13-51. In order to comply with the expenditure requirements of this code section, the City remits 40% of the monies from the first 5% collected under this provision to the Henry County Chamber of Commerce. The Henry County Chamber of Commerce also receives 50% of the additional 3%. Total collections for year ended December 31, 2016 were \$222,993. The amount remitted to the Chamber totaled \$97,219.

### **NOTE 14. POLICE PROTECTION**

In 2009, the City of Stockbridge and Henry County entered into a Service Delivery Agreement, which included police services. The original agreement called for Henry County to provide full, comprehensive police services within the City's boundaries, and in return, the County would collect and keep a portion of taxes received from Stockbridge residents. In addition to the full service protection provided by the County, the City elected to add additional supplemental police services in the form of two (2) additional full time officers patrolling throughout the City. The agreed upon cost for this additional service was \$500,000 annually, paid in quarterly installments of \$125,000. In January 2016, County officials made the decision to reroute all violations written in Stockbridge to the Henry County State Court, thereby reducing the City's court related revenue by approximately \$520,000 from fiscal year 2015 to fiscal year 2016. To help offset this financial loss, the City ceased all payments to the County for the supplemental police services.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15. LEASE AGREEMENTS

The City leases its solid waste transfer station to Lamar County Regional Solid Waste Management Authority who subleases to Waste Management. The current lease extends until April 30, 2026. The monthly rental charged by the City is \$1.40 for each ton of waste received at the site through April 30, 2021, at which time the monthly rental will be adjusted by the Consumer Price Index (CPI) annually through the termination of the agreement. For the year ended December 31, 2016, the City received \$136,694 in rental fees under the contract. The leased assets cost \$36,116 and are reported net of accumulated depreciation of \$27,990 for a net carrying value of \$8,126.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF STOCKBRIDGE, GEORGIA

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

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 247,214	\$ 319,885
Interest on total pension liability	611,199	604,791
Differences between expected and actual experience	132,894	(372,914)
Changes of assumptions	-	4,539
Changes in benefit terms	-	3,871
Benefit payments, including refunds of employee contributions	(482,759)	(472,198)
<b>Net change in total pension liability</b>	508,548	87,974
<b>Total pension liability - beginning</b>	8,127,824	8,039,850
<b>Total pension liability - ending (a)</b>	\$ 8,636,372	\$ 8,127,824
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 401,339	\$ 397,450
Net investment income	20,122	629,378
Benefit payments, including refunds of employee contributions	(482,759)	(472,198)
Administrative expenses	(13,276)	(11,731)
<b>Net change in plan fiduciary net position</b>	(74,574)	542,899
<b>Plan fiduciary net position - beginning</b>	7,070,667	6,527,768
<b>Plan fiduciary net position - ending (b)</b>	\$ 6,996,093	\$ 7,070,667
 <b>City's net pension liability (a) - (b)</b>	\$ 1,640,279	\$ 1,057,157
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	81.0%	87.0%
 <b>Covered-employee payroll</b>	\$ 2,777,571	\$ 2,297,038
 <b>City's net pension liability as a percentage of covered payroll</b>	59.05%	46.02%

**Notes to the Schedule**

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

# CITY OF STOCKBRIDGE, GEORGIA

## SCHEDULE OF CITY CONTRIBUTIONS FOR THE FISCAL YEAR ENDED DECEMBER 31

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 324,417	\$ 427,020	\$ 387,593
Contributions in relation to the actuarially determined contribution	<u>324,417</u>	<u>427,020</u>	<u>387,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,777,571	2,297,038	2,705,584
Contributions as a percentage of covered-employee payroll	11.7%	18.6%	14.3%

### Notes to the Schedule

Valuation date	July 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 adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Fund

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

### Permanent Fund

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

### Capital Projects Funds

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

**SPLOST III Fund** – This fund is used to account for capital expenditures. Funding is provided by special purpose sales taxes, which are collected by the County and remitted to the City through an intergovernmental agreement.

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax Fund</u>	<u>Burke Cemetery Fund</u>	<u>State and Federal Grants Fund</u>	<u>SPLOST III Fund</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 186,569	\$ -	\$ 467,877	\$ 3,317,512	\$ 3,971,958
Investments	-	12,284	-	-	12,284
Receivables	17,950	-	-	-	17,950
Prepaid expenditures	480	-	-	-	480
	<u>480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480</u>
Total assets	<u>\$ 204,999</u>	<u>\$ 12,284</u>	<u>\$ 467,877</u>	<u>\$ 3,317,512</u>	<u>\$ 4,002,672</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 17,329	\$ -	\$ 3,360	\$ 14,000	\$ 34,689
	<u>17,329</u>	<u>-</u>	<u>3,360</u>	<u>14,000</u>	<u>34,689</u>
Total liabilities	<u>17,329</u>	<u>-</u>	<u>3,360</u>	<u>14,000</u>	<u>34,689</u>
<b>Fund Balances:</b>					
Nonspendable:					
Permanent fund corpus	-	5,000	-	-	5,000
Prepays	480	-	-	-	480
Restricted:					
Cemetery maintenance	-	7,284	-	-	7,284
Capital projects	-	-	464,517	3,303,512	3,768,029
Tourism	187,190	-	-	-	187,190
	<u>187,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,190</u>
Total fund balances	<u>187,670</u>	<u>12,284</u>	<u>464,517</u>	<u>3,303,512</u>	<u>3,967,983</u>
Total liabilities and fund balances	<u>\$ 204,999</u>	<u>\$ 12,284</u>	<u>\$ 467,877</u>	<u>\$ 3,317,512</u>	<u>\$ 4,002,672</u>

**CITY OF STOCKBRIDGE, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax Fund</u>	<u>Burke Cemetery Fund</u>	<u>State and Federal Grants Fund</u>	<u>SPLOST III Fund</u>	
<b>Revenues:</b>					
Other taxes	\$ 222,993	\$ -	\$ -	\$ -	\$ 222,993
Intergovernmental	-	-	5,000	150,000	155,000
Interest income	-	-	-	612	612
Total revenues	<u>222,993</u>	<u>-</u>	<u>5,000</u>	<u>150,612</u>	<u>378,605</u>
<b>Expenditures:</b>					
Current:					
Housing and development	165,405	-	2,465	-	167,870
Capital outlay:					
General government	-	-	-	178,085	178,085
Public safety	-	-	-	407,110	407,110
Public works	-	-	56,373	-	56,373
Total expenditures	<u>165,405</u>	<u>-</u>	<u>58,838</u>	<u>585,195</u>	<u>809,438</u>
Excess (deficiency) of revenues over expenditures	<u>57,588</u>	<u>-</u>	<u>(53,838)</u>	<u>(434,583)</u>	<u>(430,833)</u>
<b>Other financing source (uses):</b>					
Transfers in	-	-	24,554	-	24,554
Transfers out	-	-	-	(24,554)	(24,554)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>24,554</u>	<u>(24,554)</u>	<u>-</u>
Net change in fund balances	57,588	-	(29,284)	(459,137)	(430,833)
<b>Fund balances, beginning of year</b>	<u>130,082</u>	<u>12,284</u>	<u>493,801</u>	<u>3,762,649</u>	<u>4,398,816</u>
<b>Fund balances, end of year</b>	<u>\$ 187,670</u>	<u>\$ 12,284</u>	<u>\$ 464,517</u>	<u>\$ 3,303,512</u>	<u>\$ 3,967,983</u>

## NONMAJOR ENTERPRISE FUNDS

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

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

**CITY OF STOCKBRIDGE, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2016**

	<b>Community Center Fund</b>	<b>Stormwater Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 83,772	\$ 1,274,738	\$ 1,358,510
Accounts receivable	-	128,055	128,055
Due from other governments	-	6,569	6,569
Prepaid expenses	349	1,405	1,754
Capital assets, net of accumulated depreciation	650,465	501,832	1,152,297
Total assets	<u>734,586</u>	<u>1,912,599</u>	<u>2,647,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	-	47,217	47,217
Total deferred outflows of resources	<u>-</u>	<u>47,217</u>	<u>47,217</u>
<b>LIABILITIES</b>			
Accounts payable	1,842	4,941	6,783
Accrued liabilities	-	6,429	6,429
Customer deposits	18,080	-	18,080
Compensated absences	-	8,346	8,346
Net pension liability	-	99,761	99,761
Total liabilities	<u>19,922</u>	<u>119,477</u>	<u>139,399</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	-	19,748	19,748
Total deferred inflows of resources	<u>-</u>	<u>19,748</u>	<u>19,748</u>
<b>NET POSITION</b>			
Net investment in capital assets	650,465	501,832	1,152,297
Unrestricted	64,199	1,318,759	1,382,958
Total net position	<u>\$ 714,664</u>	<u>\$ 1,820,591</u>	<u>\$ 2,535,255</u>

**CITY OF STOCKBRIDGE, GEORGIA**

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

	<u>Community Center Fund</u>	<u>Stormwater Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Rentals	\$ 48,538	\$ -	\$ 48,538
Stormwater fees	-	509,886	509,886
Total operating revenues	<u>48,538</u>	<u>509,886</u>	<u>558,424</u>
<b>OPERATING EXPENSES</b>			
Personal services	-	302,437	302,437
Contracted services	18,920	45,920	64,840
Supplies	9,732	15,295	25,027
Repairs and maintenance	2,871	4,562	7,433
Depreciation	<u>20,353</u>	<u>21,785</u>	<u>42,138</u>
Total operating expenses	<u>51,876</u>	<u>389,999</u>	<u>441,875</u>
Operating income (loss)	<u>(3,338)</u>	<u>119,887</u>	<u>116,549</u>
Income (loss) before capital contributions and transfers	(3,338)	119,887	116,549
<b>CAPITAL CONTRIBUTIONS</b>	34,498	-	34,498
<b>TRANSFERS OUT</b>	<u>-</u>	<u>(71,565)</u>	<u>(71,565)</u>
Change in net position	31,160	48,322	79,482
<b>NET POSITION, beginning of year</b>	<u>683,504</u>	<u>1,772,269</u>	<u>2,455,773</u>
<b>NET POSITION, end of year</b>	<u>\$ 714,664</u>	<u>\$ 1,820,591</u>	<u>\$ 2,535,255</u>

**CITY OF STOCKBRIDGE, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	<b>Community Center Fund</b>	<b>Stormwater Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 56,308	\$ 507,097	\$ 563,405
Payments to suppliers and service providers	(30,963)	(73,919)	(104,882)
Payments to employees	-	(270,922)	(270,922)
Net cash provided by operating activities	<u>25,345</u>	<u>162,256</u>	<u>187,601</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	(59,900)	(59,900)
Net cash used in non-capital financing activities	<u>-</u>	<u>(59,900)</u>	<u>(59,900)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of equipment	-	(121,020)	(121,020)
Net cash used in capital and related financing activities	<u>-</u>	<u>(121,020)</u>	<u>(121,020)</u>
Increase (decrease) in cash and cash equivalents	25,345	(18,664)	6,681
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>58,427</u>	<u>1,293,402</u>	<u>1,351,829</u>
End of year	<u>\$ 83,772</u>	<u>\$ 1,274,738</u>	<u>\$ 1,358,510</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (3,338)	\$ 119,887	\$ 116,549
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	20,353	21,785	42,138
Decrease in accounts receivable	-	2,132	2,132
Increase in due from other governments	-	(4,921)	(4,921)
Increase in deferred outflows of resources-pension	-	(34,728)	(34,728)
Increase in customer deposits	7,770	-	7,770
Increase in prepaid expenses	(297)	(1,270)	(1,567)
Increase in accrued liabilities	-	3,367	3,367
Increase in accounts payable	857	2,229	3,086
Decrease in retainage payable	-	(9,101)	(9,101)
Increase in deferred inflows of resources-pension	-	3,860	3,860
Increase in net pension liability	-	59,016	59,016
Net cash provided by operating activities	<u>\$ 25,345</u>	<u>\$ 162,256</u>	<u>\$ 187,601</u>
<b>NON-CASH CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Contributions of capital assets from other funds	<u>\$ 34,498</u>	<u>\$ -</u>	<u>\$ 34,498</u>

**CITY OF STOCKBRIDGE, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST III  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percent Complete</u>
			<u>Beginning of Year</u>	<u>Current Year</u>	<u>To Date</u>	
Roads, bridges, sidewalks and transportation facilities	\$ 3,060,000	\$ 1,701,948	\$ 1,527,510	\$ 63,988	\$ 1,591,498	93.51%
Public safety facilities and equipment	2,000,000	2,551,386	2,551,386	-	2,551,386	100.00%
Public works facilities and equipment	17,097,500	7,574,302	4,697,867	217,676	4,915,543	64.90%
Construction and renovation of municipal buildings	<u>10,700,000</u>	<u>6,280,848</u>	<u>5,793,071</u>	<u>178,085</u>	<u>5,971,156</u>	<u>95.07%</u>
Totals	<u>\$ 32,857,500</u>	<u>\$ 18,108,484</u>	<u>\$ 14,569,834</u>	<u>\$ 459,749</u>	<u>\$ 15,029,583</u>	<u>83.00%</u>
				Expenditures from above	\$ 459,749	
				Expenditures funded within an intergovernmental grant	125,446	
				Transfer of intergovernmental grant revenues to State and Federal Grants Fund	<u>24,554</u>	
				Total expenditures - SPLOST III Fund	<u>\$ 609,749</u>	

**CITY OF STOCKBRIDGE, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST IV  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Expenditures</u>			<u>Estimated Percent Complete</u>
			<u>Beginning of Year</u>	<u>Current Year</u>	<u>To Date</u>	
Roads, bridges, sidewalks and transportation facilities	\$ 1,500,000	\$ 5,550,000	\$ 365,221	\$ 15,714	\$ 380,935	6.86%
Public safety facilities and equipment	4,180,000	150,000	9,943	-	9,943	6.63%
Public works facilities and equipment	19,000,000	12,250,000	39,717	100,636	140,353	1.15%
Parks and recreation	<u>2,000,000</u>	<u>1,550,000</u>	<u>222,844</u>	<u>29,557</u>	<u>252,401</u>	<u>16.28%</u>
Totals	<u>\$ 26,680,000</u>	<u>\$ 19,500,000</u>	<u>\$ 637,725</u>	<u>\$ 145,907</u>	<u>\$ 783,632</u>	<u>4.02%</u>

Expenditures from above	\$ 145,907
Expenditures funded within an intergovernmental grant	<u>81,694</u>
Total expenditures - SPLOST IV Fund	<u>\$ 227,601</u>