

**NEW ISSUE – BOOK ENTRY ONLY**

**RATINGS:**  
**Moody's: "Aa2"**  
**(See "Ratings" herein)**

*In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See "LEGAL MATTERS – Tax Exemption" herein.*

**\$18,615,000**  
**UNION CITY PUBLIC FACILITIES AUTHORITY**  
**REVENUE BONDS (UNION CITY PROJECT), SERIES 2022**

Dated: Date of Issuance

Due: April 1, as shown on the inside cover

The Union City Public Facilities Authority (the "Authority"), a public body corporate and politic of the State of Georgia, is issuing its Revenue Bonds (Union City Project), Series 2022 (the "Bonds") for the purpose of (a) paying all or a portion of the costs of certain capital projects (the "Projects") that will benefit the City of Union City, Georgia (the "City") and (b) paying the costs of issuing the Bonds. See "FINANCING PLAN" herein.

The Bonds are special limited obligations of the Authority payable solely from the Security (as herein defined), including amounts paid to the Authority pursuant to an Intergovernmental Contract, dated as of November 1, 2022 (the "Contract"), between the Authority and the City. Under the Contract, the Authority has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the "Contract Payments") and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Interest on the Bonds is payable semiannually on April 1 and October 1 of each year (each such date, an "Interest Payment Date"), commencing April 1, 2023, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. See "THE BONDS – Description" herein. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The Bonds will be issued in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "Securities Depository"). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as herein defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See "THE BONDS – Book-Entry Only System" herein.

*The Bonds will be offered through competitive bidding on October 4, 2022 (the "Bid Date"). The City will receive bids until 10:30 a.m. Eastern time on the Bid Date, as more fully set forth in the Official Notice of Sale.*

*This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.*

The Bonds are offered when, as and if received and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Authority and for the City by McNally, Fox, Grant & Davenport, P.C., Fayetteville, Georgia. Davenport & Company LLC, Atlanta, Georgia is acting as the City's financial advisor. It is expected that the Bonds will be available for delivery through DTC on or about November 15, 2022.

Dated: October 4, 2022

**HilltopSecurities**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP<sup>(1)</sup> NOS.**

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2027	\$ 735,000	5.000%	3.110%	905676AA0
2028	765,000	5.000	3.160	905676AB8
2029	805,000	5.000	3.190	905676AC6
2030	840,000	5.000	3.230	905676AD4
2031	885,000	5.000	3.280	905676AE2
2032	925,000	5.000	3.370	905676AF9
2033	970,000	5.000	3.450 <sup>(2)</sup>	905676AG7
2034	1,020,000	5.000	3.600 <sup>(2)</sup>	905676AH5
2035	1,065,000	5.000	3.650 <sup>(2)</sup>	905676AJ1
2036	1,120,000	5.000	3.680 <sup>(2)</sup>	905676AK8
2037	1,170,000	5.000	3.710 <sup>(2)</sup>	905676AL6
2038	1,230,000	5.000	3.750 <sup>(2)</sup>	905676AM4
2039	1,285,000	5.000	3.790 <sup>(2)</sup>	905676AN2
2040	1,350,000	5.000	3.830 <sup>(2)</sup>	905676AP7
2041	1,415,000	5.000	3.880 <sup>(2)</sup>	905676AQ5
2042	1,480,000	5.000	3.900 <sup>(2)</sup>	905676AR3
2043	1,555,000	5.000	3.940 <sup>(2)</sup>	905676AS1

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<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein have been provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2022 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only and neither the City, the Authority, the Underwriter nor their respective agents take responsibility for the accuracy of such data.

<sup>(2)</sup> Priced to the April 1, 2032 par call.

**UNION CITY PUBLIC FACILITIES AUTHORITY**

Brian Poe, Chairperson  
Dr. Robert Pauley, Vice Chairperson  
Vince R. Williams  
Dr. Christina Hobbs  
Jill Miller

**CITY OF UNION CITY, GEORGIA**

**City Council**

Vince R. Williams, Mayor  
Dr. Christina Hobbs  
Brian K. Jones  
Angelette Mealing  
Lawanna Owens-Twaites

**Appointed Officials**

Sonja Fillingame, City Manager  
Tarsha Calloway, Assistant City Manager

**COUNSEL TO THE CITY AND THE AUTHORITY**

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

**FINANCIAL ADVISOR**

Davenport & Company LLC  
Atlanta, Georgia

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Murray Barnes Finister LLP  
Atlanta, Georgia

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No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and the Authority and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City or the Authority since the date hereof.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF ANY BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## TABLE OF CONTENTS

SUMMARY STATEMENT .....	1
The Authority .....	1
The City .....	1
Purpose of the Bonds.....	1
Security and Sources of Payment for the Bonds .....	1
Description of the Bonds.....	1
Tax Exemption .....	2
Professionals Involved in the Offering.....	2
Legal Authority .....	2
Offering and Delivery of the Bonds .....	3
Continuing Disclosure.....	3
Other Information.....	3
THE AUTHORITY .....	4
THE BONDS .....	5
Description .....	5
Book-Entry Only System .....	5
Redemption .....	7
FINANCING PLAN.....	8
Sources and Uses of Funds.....	8
The Projects and the Refunding .....	8
Annual Debt Service Requirements .....	10
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS .....	10
General .....	10
The Contract.....	10
Resolution .....	11
BONDHOLDERS' RISKS .....	11
General .....	11
Decline in Property Tax Digest .....	11
COVID-19.....	11
Enforceability of Remedies .....	12
THE CITY .....	12
Introduction .....	12
Form of Government .....	12
City Administration.....	13
Employees.....	13
Retirement Plans and Other Post-Employment Benefits .....	13
City Services .....	14
Education.....	14
Category of Land by Use.....	15
Demographic Information .....	15
Economic Information.....	17
CITY DEBT STRUCTURE .....	20
Summary of City Debt by Category and Estimated Overlapping Debt.....	20
Proposed Debt .....	20
Limitations on City Debt.....	21
Tax Supported Debt Ratios .....	22

CITY FINANCIAL INFORMATION.....	22
Accounting System and Policies .....	22
Five Year General Fund History .....	22
Interim Financial Statements.....	23
Budgetary Process and Budget.....	24
South Fulton Municipal Jail Authority.....	25
Insurance Coverage and Governmental Immunity .....	26
Investment of Other Moneys .....	27
CITY AD VALOREM TAXATION.....	28
Introduction .....	28
Property Subject to Taxation .....	28
Motor Vehicles.....	29
Assessed Value.....	29
Annual Tax Levy.....	30
Property Tax Collections.....	30
Property Tax Millage Rates.....	31
Ad Valorem Property Tax Digest.....	31
Tax Collections .....	32
Ten Largest Taxpayers .....	32
RATINGS.....	33
LEGAL MATTERS .....	33
Pending Litigation.....	33
Tax Exemption .....	33
APPROVAL OF LEGAL PROCEEDINGS.....	34
FINANCIAL STATEMENTS.....	34
COMPETITIVE SALE OF BONDS .....	35
FINANCIAL ADVISOR .....	35
MISCELLANEOUS .....	35
AUTHORIZATION OF OFFICIAL STATEMENT .....	36
Appendix A – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2021	
Appendix B – SUMMARIES OF THE PRINCIPAL DOCUMENTS	
Appendix C – FORM OF OPINION OF BOND COUNSEL	
Appendix D – FORM OF CONTINUING DISCLOSURE CERTIFICATE	

**\$18,615,000**  
**UNION CITY PUBLIC FACILITIES AUTHORITY**  
**REVENUE BONDS (UNION CITY PROJECT), SERIES 2022**

**SUMMARY STATEMENT**

The following information is furnished solely to provide limited introductory information regarding the terms of the Bonds (as hereinafter defined) and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Capitalized terms used and not defined herein have the same meaning ascribed to them in the Resolution and Contract. Certain defined terms are set forth in Appendix B.

**The Authority**

The Union City Public Facilities Authority (the “Authority”) is a public body corporate and politic of the State of Georgia (the “State”) created pursuant to an act of the General Assembly of the State (the “Act”). See “THE AUTHORITY.”

**The City**

The City of Union City, Georgia (the “City”) is a municipal corporation of the State of Georgia located in Fulton County (the “County”), approximately 15 miles south of downtown Atlanta. The City had a 2020 U.S. Census population of 26,830. See “THE CITY.”

**Purpose of the Bonds**

The Authority is issuing its Revenue Bonds (Union City Project), Series 2022 (the “Bonds”) for the purpose of (a) paying all or a portion of the costs of certain capital projects (the “Projects”) that will benefit the City and (b) paying the costs of issuing the Bonds. See “FINANCING PLAN.”

**Security and Sources of Payment for the Bonds**

The Bonds are special limited obligations of the Authority payable solely from the Security (defined below), including amounts paid to the Authority pursuant to an Intergovernmental Contract, dated as of November 1, 2022 (the “Contract”), between the Authority and the City. Under the Contract, the Authority has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the “Contract Payments”) and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

Pursuant to the Resolution, the Authority has pledged all of its rights, title and interest in the Contract (except for its right to receive notices and to indemnification), the Contract Payments and the moneys and investments on deposit in the Project Fund and the Sinking Fund (the “Security”) as security for the Bonds.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “CITY AD VALOREM TAXATION” and Appendix B.

**Description of the Bonds**

*Redemption.* The Bonds are subject to redemption prior to their stated maturity. See “THE BONDS – Redemption.”

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

*Payments.* Interest on the Bonds is payable semiannually on April 1 and October 1 of each year (each such date, an “Interest Payment Date”), commencing April 1, 2023, by U.S. Bank Trust Company, National Association, Atlanta, Georgia, as Paying Agent and Bond Registrar. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. See “THE BONDS – Description.”

*Book-Entry Bonds.* The Bonds will be issued in book-entry form (“Book-Entry Form”) and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the “Securities Depository”). The Securities Depository will act as securities depository for the Bonds. Purchases will be made only through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Bonds will be made to Beneficial Owners (as hereinafter defined). Payment of principal of and interest on the Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. Registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository. See “THE BONDS – Book-Entry Only System.”

For a more complete description of the Bonds and the basic documentation pursuant to which they are being issued, see “THE BONDS” and Appendix B.

### **Tax Exemption**

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Bonds is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See “LEGAL MATTERS – Tax Exemption” and see Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver.

### **Professionals Involved in the Offering**

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. Certain matters will be passed upon for the Authority and for the City by McNally, Fox, Grant & Davenport, P.C., Fayetteville, Georgia. See “APPROVAL OF LEGAL PROCEEDINGS.”

The City has employed Davenport and Company LLC, Atlanta, Georgia, as its financial advisor in connection with the issuance of the Bonds. See “FINANCIAL ADVISOR.”

U.S. Bank Trust Company, National Association, will act as Paying Agent and Bond Registrar for the Bonds and will act as the Project Fund Custodian and the Sinking Fund Custodian. The principal corporate trust office of the Paying Agent is 2 Concourse Parkway NE, Suite 800 Atlanta, Georgia 30309.

The City’s financial statements for the fiscal year ended August 31, 2021 are included as Appendix A hereto and have been audited by Mauldin & Jenkins, LLC, as indicated in their report included thereon. See “FINANCIAL STATEMENTS.”

### **Legal Authority**

The Bonds are being issued and validated pursuant to (a) the Act and the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.*, as amended) (the “Revenue Bond Law”) and (b) a resolution adopted by the Authority on October 4, 2022 (the “Resolution”). The Contract is being executed and delivered pursuant to the Constitution of the State, the Act, the Resolution and a resolution adopted by the City Council on October 4, 2022.

## **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if received and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Murray Barnes Finister LLP, Atlanta, Georgia, as Bond and Disclosure Counsel to the City. The Bonds are expected to be delivered through DTC in New York, New York, on or about November 15, 2022.

## **Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure as described below, and the Authority will have no liability to the Beneficial Owners of the Bonds or any other person with respect to such disclosure.

The City has covenanted in the Contract and a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City (the “Annual Report”) by not later than 270 days after the end of each fiscal year of the City, commencing with the fiscal year ended August 31, 2022, and to provide notices of the occurrence of certain enumerated events (the “Event Notices”). The Annual Report and the Event Notices will be filed by the City with the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Market Access (“EMMA”) system in an electronic format as prescribed by the MSRB. See Appendix D hereto for the form of Disclosure Certificate the City proposes to execute. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Pursuant to the Disclosure Certificate, the City has designated Digital Assurance Certification LLC (“DAC”) as the Disclosure Dissemination Agent. DAC will provide for the benefit of the owners of the Bonds the Operating and Financial Data and the Event Notices to EMMA on behalf of the City.

The City has previously entered into other written undertakings (collectively, the “Prior Undertakings” and individually, each a “Prior Undertaking”) similar to the Disclosure Certificate in connection with the issuance of other obligations as an obligated person under the Rule. The City retained the services of DAC to assist with the filings required by the Prior Undertakings. There have been instances in the last five fiscal years in which the City has not fully complied with its obligations under the Prior Undertakings. The Prior Undertakings require that certain financial information (including audited financial statements) and operating data be provided annually within either 180 or 270 days of the end of each fiscal year. For fiscal year 2020, the audited financial statements were filed 303 days late with respect to the Prior Undertaking with a 180-day deadline and 213 days late with respect to the Prior Undertakings with 270-day deadlines. For fiscal year 2021 unaudited financial statements were filed 123 days late with respect to the Prior Undertaking with a 180-day deadline and 33 days late with respect to the Prior Undertakings with 270-day deadlines. In each instance, a failure to provide notice was timely filed.

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

Additionally, the City has adopted a tax-exempt debt policy to ensure compliance with its continuing disclosure obligations.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the City disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the City, the Bonds, the Resolution, the Contract and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, the Contract and other documents are intended as summaries only and are qualified in their entirety by reference to such constitutional provisions, statutes and documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. Copies of the Resolution, the Contract and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing and handling, from the City of Union City, City Manager, 5047 Union Street, Union City, Georgia 30291, telephone (770) 964-2288. During the period of the offering of the Bonds, copies of such documents are available, upon request and upon payment to the Financial Advisor of a charge for copying, mailing and handling, from Davenport & Company LLC, 515 East Crossville Road, Suite 380, Roswell, Georgia 30075; telephone: 404-825-9467.

## **THE AUTHORITY**

The Authority is a body corporate and politic of the State created pursuant to the Act. Under the terms of the Act, the Authority has the power to (a) execute contracts, trusts, leases, rental agreements, and other instruments necessary or convenient in connection with the acquisition, construction, addition, extension, improvement, equipping, operation, or maintenance of a “project” (as defined in the Act); and (b) pay the costs of any Project with the proceeds of revenue bonds issued by the Authority, and to provide for the payment of the same and for the rights of the holders thereof. For purposes of the Act, “project” means all buildings, facilities, and equipment necessary or convenient for the efficient operation of the City, or any department, agency, division, or commission thereof.

The powers of the Authority are exercised by or under the authority of, and the business and affairs of the Authority are managed and conducted under the direction of a five-member board. The Authority board members are appointed by the Mayor and City Council members. The Mayor and City Council members may be appointed as members of the Authority, but no more than two members of the Authority may be said Mayor or members of the City Council. Any member of the Authority who is the Mayor or a member of the City Council shall serve for a term of officer concurrent with such person’s term of office as Mayor or as a member of the City Council. Each member of the Authority who is not the Mayor or a member of said City Council shall serve for a term of office of three years.

The Authority has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the caption “THE AUTHORITY,” the Authority has not provided or made any investigation with respect to any of the information contained in this Official Statement and does not assume any responsibility for the accuracy or completeness of the information contained herein.

**THE AUTHORITY HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE CITY THAT MAY BE APPLIED TO THE BONDS EXCEPT FOR THE PAYMENTS THE CITY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.**



## THE BONDS

### Description

The Bonds will be dated their date of issuance and will bear interest at the rates specified on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, unless their date of authentication is after a Record Date but before an Interest Payment date, in which case from the next Interest Payment Date, or unless their date of authentication is before the first Interest Payment Date, in which case from their date of original issuance). Interest will be payable semiannually on each Interest Payment Date, commencing April 1, 2023. The principal amount of the Bonds is payable at the times and in the amounts set forth on the inside cover page of this Official Statement. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall initially be issued in Book-Entry Form. As long as the Bonds are held in Book-Entry Form, the principal of and the interest on the Bonds shall be payable in accordance with the rules of the Securities Depository, as described more fully below under “Book-Entry Only System.” If the Bonds are no longer held in Book-Entry Form, the principal of and interest on the Bonds shall be payable in accordance with the terms of the Resolution.

As long as the Bonds are held in Book-Entry Form, registrations of transfers and exchanges shall be made in accordance with the rules of the Securities Depository, as described more fully below. If the Bonds are no longer held in Book-Entry Form, the Bonds may be registered as transferred and exchanged in accordance with the terms of the Resolution.

### Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to

receive written confirmations providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy and Security Position Report to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). The Security Position Report includes each Participant's closing balance in any Bond along with their name, address, telephone number and proxy contact person.

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

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

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

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

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE BONDS, THE AUTHORITY AND THE PAYING AGENT WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL DISTRIBUTIONS ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AUTHORITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. NEITHER THE AUTHORITY, THE CITY, NOR THE PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BONDS; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE DISTRIBUTIONS ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO OWNERS OF THE BONDS INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER.

### **Redemption**

*Optional Redemption.* The Bonds maturing on or after April 1, 2033 may be redeemed prior to their respective maturities at the direction of the City, either in whole or in part, in any order of maturities, on any date not earlier than April 1, 2032 at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

*Partial Redemption.* If the Bonds are called for redemption in part, then the particular maturity or maturities to be redeemed shall be selected by the City. If less than all of the Bonds of a maturity are to be called for redemption, then Bonds within each maturity so called for redemption shall be selected (a) in the manner designated by the Securities Depository when the Bonds are held in Book-Entry Form and (b) by lot when the Bonds are not held in Book-Entry Form.

*Notice of Redemption.* Notice of redemption shall be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (a) in accordance with the rules of the Securities Depository as long as the Bonds are held in Book-Entry Form and (b) by first class mail, postage to all registered owners of the Bonds to be redeemed at addresses which appear upon the bond registration book as of the date of giving such notice. Any defect in such notice shall not affect the validity of the proceedings for such redemption or cause the interest to accrue on the principal amount of the Bonds so designated for redemption after the redemption date. Notice given in the manner set forth above shall be conclusively presumed to have been given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Paying Agent moneys sufficient to redeem all Bonds called for redemption, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

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## FINANCING PLAN

### Sources and Uses of Funds

Set forth below are the sources and uses of funds for the Bonds.

Sources:	
Par Amount	\$18,615,000.00
Plus: Original Issue Premium	<u>1,861,326.30</u>
Total Sources	<u>\$20,476,326.30</u>
Uses:	
Projects	\$20,002,824.24
Costs of Issuance <sup>(1)</sup>	<u>473,502.06</u>
Total Uses	<u>20,476,326.30</u>

<sup>(1)</sup> Includes underwriter's discount, legal fees, printing fees, rating fees and other miscellaneous transaction costs with respect to the Bonds.

### The Projects and the Refunding

*Project Description.* A portion of the proceeds of the Bonds will be used to pay the costs of the Projects and the costs of issuing the Bonds. The Projects consist of the following: (a) constructing and equipping a greenway trail system, a fire station, streetscape, turf replacement, a splash pad and any other capital projects listed in the 2019 Union City Master Plan.

The proceeds of the Bonds that will be used to pay the costs of the Projects and the costs of issuing the Bonds will be deposited in the Project Fund. Prior to the expenditure of the proceeds of the Bonds held by the Project Fund Custodian, such moneys will be invested as set forth below under the heading "Investment of Bond Proceeds."

*Investment of Bond Proceeds.* The proceeds of the Bonds will be invested pending their disbursement in investments authorized by the laws of the State of Georgia. Presently, Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Bonds may be invested and reinvested by the governing authority of the City in the following investments, and no others:

(1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated;

(2) bonds or obligations of the City or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence, provided however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or

municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds, provided the portion of the certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, must be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any City or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

(7) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

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

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

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

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

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

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## Annual Debt Service Requirements

The following table sets forth the principal and interest payment requirements with respect to the Bonds and the other long-term debt of the City payable from its General Fund:

Fiscal Year	The Bonds			Other Long-Term	Total
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt</u>	<u>Debt Service</u>
2023	\$ —	\$351,616.67	\$ 351,616.67	\$ 1,355,475	\$ 1,707,091.67
2024		930,750.00	930,750.00	1,384,600	2,315,350.00
2025		930,750.00	930,750.00	1,396,350	2,327,100.00
2026		930,750.00	930,750.00	1,426,700	2,357,450.00
2027	735,000	930,750.00	1,665,750.00	329,000	1,994,750.00
2028	765,000	894,000.00	1,659,000.00	333,250	1,992,250.00
2029	805,000	855,750.00	1,660,750.00	332,000	1,992,750.00
2030	840,000	815,500.00	1,655,500.00	335,500	1,991,000.00
2031	885,000	773,500.00	1,658,500.00	333,500	1,992,000.00
2032	925,000	729,250.00	1,654,250.00	336,250	1,990,500.00
2033	970,000	683,000.00	1,653,000.00	338,500	1,991,500.00
2034	1,020,000	634,500.00	1,654,500.00	340,250	1,994,750.00
2035	1,065,000	583,500.00	1,648,500.00	341,500	1,990,000.00
2036	1,120,000	530,250.00	1,650,250.00	342,250	1,992,500.00
2037	1,170,000	474,250.00	1,644,250.00	347,500	1,991,750.00
2038	1,230,000	415,750.00	1,645,750.00	347,000	1,992,750.00
2039	1,285,000	354,250.00	1,639,250.00	351,000	1,990,250.00
2040	1,350,000	290,000.00	1,640,000.00	354,250	1,994,250.00
2041	1,415,000	222,500.00	1,637,500.00	356,750	1,994,250.00
2042	1,480,000	151,750.00	1,631,750.00	358,500	1,990,250.00
2043	1,555,000	77,750.00	1,632,750.00	359,500	1,992,250.00
2044	—	—	—	364,750	364,750.00
2045	—	—	—	364,000	364,000.00
2046	—	—	—	367,500	367,500.00
Total	<u>\$18,615,000</u>	<u>\$12,560,116.67</u>	<u>\$31,175,116.67</u>	<u>\$12,495,875</u>	<u>\$43,670,991.67</u>

See “CITY DEBT STRUCTURE” herein hereto for a description of other long-term debt of the City that is paid from its General Fund.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds are special limited obligations of the Authority payable solely from the Security. The Authority has no taxing power and no other sources of revenue. The Bonds are not secured by any lien on or pledge of the Projects or any other real estate.

**THE BONDS DO NOT CONSTITUTE A DEBT OR A MORAL OBLIGATION OF THE STATE OR THE CITY. NO OWNER OF THE BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OR THE CITY TO PAY THE SAME OR THE INTEREST THEREON. HOWEVER, THE CITY’S TAXING POWER HAS BEEN PLEDGED TO THE PAYMENT OF THE CONTRACT PAYMENTS.**

### The Contract

Pursuant to the Contract, the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the “Contract Payments”) and (c) levy an ad valorem property tax, unlimited as to rate or amount, on all property in the

City subject to such tax in order to make such Contract Payments. The obligations of the City to make the Contract Payments and to perform and observe various other agreements contained in the Contract are absolute and unconditional. The Authority has directed the City to make the Contract Payments directly to the Sinking Fund Custodian. For a more complete description of the Contract and the City's obligations under the Contract, see Appendix B.

## **Resolution**

Pursuant to the Resolution, the Authority has pledged all of its rights, title and interest in the Security (except for its right to receive notices and to indemnification) as security for the Bonds. The Authority has covenanted not to create any other liens on the Security. For a more complete description of the Resolution and the Authority's obligations thereunder, see Appendix B.

## **BONDHOLDERS' RISKS**

### **General**

The purchase of the Bonds may involve certain risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

### **Decline in Property Tax Digest**

There can be no assurance that the City's property tax digest will remain at its current levels and will not decline in the future. In the event that the City's property tax digest declines from its current level, it would be necessary for the City to decrease expenses to pay the Contract Payments or to increase the millage rate.

### **COVID-19**

In response to the currently circulating COVID-19 virus, beginning in early March 2020 the Governor of the State (the "Governor") and local health agencies took actions that resulted in the closure of most businesses in the City except those providing Essential Services (as defined in the Governor's orders). Many retail and other businesses had already temporarily closed in response to the spread of the virus. In late April 2020, the Governor authorized the phased reopening of businesses with occupancy limitations and other requirements/restrictions in place. However, it is impossible to predict whether businesses will be financially able to reopen, will choose to reopen, or be able to remain open or whether customers will return in pre-closure numbers. Increases in new cases of COVID-19 in future months may lead to additional closures or restrictions on businesses in the future. Future closures or restrictions could result in loss of business income and in increases in unemployment rates. Loss of business income and increased rates of unemployment could result in an inability of City residents and businesses to pay ad valorem property taxes – an important source of revenue to fund the operations of the City. It is impossible to predict whether future actions by the Governor or local health agencies will affect the operation of the City.

### **Cybersecurity**

Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to provide services and collect revenues. Any breach or cyberattack that compromises data could result in negative press. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

## **Enforceability of Remedies**

The realization of value from the pledge of the property assigned and pledged under the Resolution and the taxing power of the City under the Contract upon any default will depend upon the exercise of various remedies specified by the Resolution and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Resolution or the Contract.

Under the terms of the Resolution and the Contract, the owners of the Bonds do not have the right to accelerate the principal of Bonds upon a default. The owners of the Bonds do, however, have the right to bring an action for specific performance and pursue other remedies.

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

## **THE CITY**

### **Introduction**

The City is a municipal corporation created and validly existing under the laws of the State. The City is located approximately 15 miles south of downtown Atlanta in the County. The City is located near Interstates 20, 75 and 85. The City was incorporated in 1908 and since that time the City's population has grown to an estimated population of 26,830 as of the 2020 Census. There are fourteen other municipalities in the County: Atlanta, which is the county seat, Alpharetta, Chattahoochee Hills, College Park, East Point, Fairburn, Hapeville, Johns Creek, Milton, Mountain Park, Palmetto, Roswell, Sandy Springs and South Fulton.

### **Form of Government**

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

<u>Member</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Vince R. Williams	Mayor	Entrepreneur	12/31/2025
Brian K. Jones	Member	Assistant Purchasing Agent	12/31/2023
Angelette Mealing	Member	Senior Data Analyst	12/31/2025
Dr. Lawanna Owens-Twaites	Member	Education	12/31/2025
Dr. Christina Hobbs	Member	Education	12/31/2023



## **City Administration**

The City Council appoints a full-time City Manager to run the day-to-day operations of the City. The current City Manager is Ms. Sonja Fillingame, who was appointed in July, 2013 after serving as Director of Operations for the City from 2009 – July, 2013. Ms. Fillingame holds a Master's degree in Public Administration and a Bachelor of Arts degree in Political Science, both from Georgia State University. She began her career in government approximately 27 years ago. In addition to serving as City Manager and Director of Operations for the City, Ms. Fillingame has also served as Grants Administrator for the City of Sandy Springs, Program Director at the Governor's Criminal Justice Coordinating Council and Compliance Manager (Constituent Services) for Governor Zell Miller. Her past responsibilities included administration, supervision, planning and coordination.

The City Council also appoints an Assistant City Manager to run, among other things, the financial affairs of the City. The current Assistant City Manager is Ms. Tarsha Calloway. Ms. Calloway commenced her public service career in 2000 and gained employment with the City in September 2009 as Comptroller and in 2013 as Finance Director. She holds a Bachelor of Business Administration in Accounting from University of Southern Mississippi. Ms. Calloway began her career in government in 2000 and has served as Comptroller for the City, Director of Administrative Services, Accounting Manager for the City of Sandy Springs, Financial Systems Supervisor for the Fulton County Government and Internal Auditor for the State of Michigan. Her responsibilities have included finance, administration, supervision and budgeting.

## **Employees**

The City employed 182 full-time and 16 part-time employees in all departments of government as of August 31, 2022. No employees of the City are represented by labor organizations or are covered by collective bargaining agreements, and the City is not aware of any union organizing efforts at the present time. The City believes that employee relations are good. The City offers its full-time employees competitive benefits.

## **Retirement Plans and Other Post-Employment Benefits**

*Defined Benefit Plan.* The City provides all full-time employees with a defined benefit retirement plan (the "Defined Benefit Plan"). The Defined Benefit Plan is a part of the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia and that is administered by the Georgia Municipal Association. The benefit provisions and all other requirements of the Defined Benefit Plan are established by the City Council and may be amended by ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Defined Benefit Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, S.W., Atlanta, Georgia 30303 or by calling (404) 688-0472.

All full-time City employees are eligible to participate in the Defined Benefit Plan after completing three years of service. Participating employees do not contribute to the Defined Benefit Plan. The City is required to contribute to the Defined Benefit Plan for each participating employee at an actuarially determined rate; for the year ended August 31, 2021, the City's contribution was \$1,754,865, which represents 13.50% of annual payroll. The contribution requirements are established and may be amended by GMEBS' Board of Trustees. The City's funding policy for the Defined Benefit Plan is to contribute an amount equal to or greater than the recommended contribution. Administrative costs of the Defined Benefit Plan are financed through investment income.

The Defined Benefit Plan has 186 active participants, 90 retired participants and their beneficiaries and 127 inactive participants with a vested right to a deferred or immediate benefit as of January 1, 2021.

As of August 31, 2021, (the most recent information available), the Defined Benefit Plan had an actuarial value of assets equal to \$19,744,012 and an actuarial accrued liability of \$28,186,009, resulting in an unfunded actuarial accrued liability of \$8,411,997. The City has a plan in place to eliminate the unfunded actuarial accrued liability in the next five years.

See Note 6 of the audited financial statements for a detailed description of the Defined Benefit Plan.

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

For each participating employee, the City is required to contribute an amount equal to 100% up to the first 2% of annual salary that such employee elects to defer, 75% of the next 2% of annual salary and 50% of the next 6% of annual salary. Employer’s contributions are fully vested after the employee completes three full years of service. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City and its accounting professionals have determined pursuant to Governmental Accounting Standards Board Statement Number 32 that the City does not have a fiduciary relationship with the Defined Contribution Plan, and accordingly, the balances and transactions of the Defined Contribution Plan are not reported in the City’s financial statements. The City’s contributions to the Defined Contribution Plan was approximately \$212,050, and the employees’ contributions were approximately \$333,870 for the year ended August 31, 2021.

See Note 7 to the audited financial statements of the City for a detailed description of the Defined Contribution Plan.

*Other Post-Employment Benefits.* The City does not currently offer other post-employment benefits than those set forth above.

## **City Services**

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

## **Education**

*Local Schools.* The residents of the City are served by the Fulton County School System (the “School System”), which is responsible for approximately 94,400 students throughout the entire County. The School System employs more than 10,900 full-time employees, including more than 6,900 teachers and other certified personnel, who work in 108 schools and administrative and support buildings. The School System was granted a charter to operate as a charter school system on July 1, 2012. The School System has received district accreditation by the Southern Association of Colleges and Schools, Council on Accreditation and School Improvement. The School System’s facilities located within the City consist of two elementary schools, one middle school and two high schools.

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

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

## Transportation

The City is conveniently located near Atlanta's four major interstate routes: I-20, I-85, I-285 and I-75 and is ten minutes away from the world's busiest airport, Hartsfield-Jackson International Airport. The City is served by MARTA (the Metro Atlanta Rapid Transit Authority) connecting the City to the rest of metro Atlanta. Additionally, the City is located along the main CSX rail line and CSX maintains a depot within the City.

## Recent Economic Activity

Since 2018, projects representing an estimated \$600 million in investment and expected to add 7,000 to 8,000 jobs have been announced in the City. In 2021, ASOS, a UK based online retailer with 1,700 employees at their City fulfillment center, announced a \$100 million expansion. Additionally, Arcadia Cold anticipates opening their new frozen and refrigerated distribution center facility in the City in 2023. This facility is expected to serve 22% of the national frozen food market.

## Category of Land by Use

The following table reflects the categories of land use in the City for the calendar year 2021.

<u>Land Type</u>	<u>Percentage<sup>(1)</sup></u>
Residential	42.83%
Agricultural	11.74
Conservation Use	1.77
Commercial	27.27
Industrial	<u>16.39</u>
Total	<u>100.00%</u>

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<sup>(1)</sup> Percentages are based on the number of acres excluding exempt property.  
Source: Georgia Department of Revenue 2021 Digest Consolidation Sheet

## Demographic Information

The following information is provided to give prospective investors an overview of the general demographic conditions in the City. These statistics are not to be relied upon as a representation or guarantee of the City, the Authority or the Underwriter

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*Population.* Set forth below is the population of the City for the census years 1980 through 2020.

<u>Year</u>	<u>Population</u>
1980	4,780
1990	8,375
2000	11,421
2010	19,456
2020	26,830

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Source: U.S. Census Bureau, 1980, 1990, 2000, 2010 and 2020 U.S. Census.

*Population by Age; Median Age.* The estimated median age of the City for the calendar year 2020 (the most recent information available) was 32.8 years. The following table presents the estimated population by age for the City for the calendar year 2020 (the most recent information available).

<u>Under 20 Years</u>	<u>20 to 44 Years</u>	<u>45 to 64 Years</u>	<u>65 Years and Over</u>
30.4%	35.7%	20.6%	13.3%

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Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

*Population by Race.* The following table presents estimated population by race for the City for the calendar year 2020 (the most recent information available).

<u>White<sup>(1)</sup></u>	<u>Black or African American<sup>(1)</sup></u>	<u>American Indian and Alaska Native<sup>(1)</sup></u>	<u>Asian<sup>(1)</sup></u>	<u>Native Hawaiian and Other Pacific Islander<sup>(1)</sup></u>	<u>Other<sup>(1)</sup></u>	<u>Two or More Races</u>	<u>Hispanic or Latino<sup>(2)</sup></u>
5.8%	90.1%	0.0%	0.0%	0.0%	1.1%	3.0%	4.2%

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<sup>(1)</sup> Includes persons reporting only one race.

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

Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

*Level of Education.* The following table presents the estimated level of educational attainment of the population 25 years and over for the City for the calendar year 2020 (the most recent information available).

Less than 9 <sup>th</sup> grade	3.4%
9 <sup>th</sup> to 12 grade, no diploma	7.3
High school graduate (including equivalency)	26.0
Some college, no degree	27.3
Associate degree	11.5
Bachelor's degree	15.4
Graduate or Professional degree	<u>9.1</u>
	<u>100.0%</u>
Percent high school graduate or higher	89.3%
Percent bachelor's degree or higher	24.5%

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Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

*Commuting Characteristics.* The following table presents the estimated percentages of the City's population employed at jobs located within the County, those employed at jobs located outside of the County and those employed at jobs outside the State for the calendar year 2020 (the most recent information available).

Inside the County	66.4%
Outside the County (in State)	33.2
Outside the State	<u>0.4</u>
	<u>100.0%</u>

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Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

## **Economic Information**

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

*Per Capita Income.* The following table reflects the per capita personal income for the City, the State and the United States for the calendar years 2016 through 2020 in inflation adjusted dollars (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2016	\$17,296	\$26,678	\$29,829
2017	17,600	28,015	31,177
2018	19,266	29,523	32,621
2019	20,585	31,067	34,103
2020	22,896	32,427	35,384

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Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates.

*Poverty Levels.* The following table reflects an estimate of the percentage of all people in the City, the State and the United States with incomes lower than the poverty level for the calendar years 2016 through 2020 (the most recent information available for the City).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2016	21.3%	17.8%	15.1%
2017	20.7	16.9	14.6
2018	16.6	16.0	14.1
2019	14.0	15.1	13.4
2020	12.3	14.3	12.8

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Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates.

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*Median Home Values.* The following table reflects the median home value of owner- occupied housing for the City, the State and the United States for calendar years 2016 through 2020 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State of Georgia</u>	<u>United States</u>
2016	\$79,900	\$152,400	\$184,700
2017	81,900	158,400	193,500
2018	112,400	166,800	204,900
2019	132,300	176,000	217,500
2020	150,600	190,200	229,800

Source: U.S. Census Bureau, 2016-2020 American Community Survey, 5-Year Estimates Program.

*Household Income Distribution.* The following table reflects the estimated income distribution of all households in the City for the calendar year 2020 (the most recent information available). The median household income for the calendar year 2020 was estimated to be \$39,768.

<u>Income</u>	<u>Percent of Population</u>
Less than \$10,000	6.9%
\$10,000 to \$14,999	3.1
\$15,000 to \$24,999	14.8
\$25,000 to \$34,999	20.3
\$35,000 to \$49,999	14.5
\$50,000 to \$74,999	16.7
\$75,000 to \$99,999	13.8
\$100,000 to \$149,999	8.8
\$150,000 to \$199,999	0.8
\$200,000 or more	0.5
	<u>100.0%</u>

Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

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

<u>Fiscal Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Total</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2018	191	\$180,249,056	440	\$44,988,764	631	\$225,237,820
2019	216	\$135,065,858	879	\$81,174,945	1,095	\$216,240,803
2020	215	\$229,091,846	738	\$64,618,042	953	\$293,709,888
2021	235	\$254,567,313	537	\$51,696,930	772	\$306,264,243
2022	226	\$399,910,282	548	\$62,619,680	774	\$462,529,962

Source: Union City, Community Development Department.

*Labor Statistics.* Set forth below are labor statistics for the County, the State and the United States for the past five calendar years and for the month of July 2022. Comparable information for the City is not available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> <sup>(1)</sup>
County Labor Force	553,991	555,178	560,412	557,232	569,144	580,656
County Unemployment Rate	4.9%	4.1%	3.6%	8.0%	4.7%	3.1%
State Unemployment Rate	4.8%	4.0%	3.5%	6.5%	3.9%	2.9%
United States Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.3%	3.8%

<sup>(1)</sup> Reflects labor statistics for the month of July, 2022 (Preliminary).

Source: Georgia Department of Labor.

*Principal Employers.* Set forth below are the ten largest employers located in the City as of August 31, 2022. The type of business and the approximate number of employees are shown in the table. There can be no assurance that any employer listed below will continue to operate or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below. See “THE CITY – Demographic Information – Commuting Characteristics.”

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Amazon.com Services Inc	Distribution	6,936
WalMart.com USA LLC	Distribution	2,500
DHL Supply Chain	Distribution	1,600
Excel Inc	Manufacturing	745
Coca-Cola Bottling Company	Manufacturing	732
XPO LOGISTICS WORLDWIDE, INC	Freight Transportation	725
Walmart Supercenter #855	Retail	401
PRUITT HEALTH-CHRISTIAN CITY	Skilled Nursing	248
Dendreon	Biotechnology	257
Costco Wholesale Corp	Retail	213

Source: Union City.

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## CITY DEBT STRUCTURE

### Summary of City Debt by Category and Estimated Overlapping Debt

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
General Obligation Bonds <sup>(1)</sup>	\$ 8,570,000	100.00%	\$ 8,570,000
Intergovernmental Contracts <sup>(2)</sup>	<u>18,615,000</u>	100.00	<u>18,615,000</u>
Total Direct Debt	<u>\$27,185,000</u>	100.00	<u>\$27,185,000</u>
Overlapping Entities <sup>(3)</sup> :			
Fulton County:			
General Obligation Bonds	\$237,805,000	1.58%	\$3,757,319
Intergovernmental Contracts	234,689,559	1.58	3,708,095
Capital Leases <sup>(4)</sup>	<u>44,717,878</u>	1.58	<u>706,543</u>
Total	<u>\$517,212,437</u>	1.58	<u>\$8,171,957</u>
Fulton County School District:			
General Obligation Bonds	\$11,495,000	1.58%	\$262,749
Intergovernmental Contracts	16,629,664	1.58	181,621
Capital Leases	<u>0</u>	1.58	<u>0</u>
Total	<u>\$28,124,664</u>	1.58	<u>\$444,370</u>
Total Overlapping Debt	<u>\$545,337,101</u>	1.58%	<u>\$8,616,327</u>
Total Direct and Overlapping	<u>\$572,522,101</u>		<u>\$35,801,327</u>

(1) General obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged and constitute debt for purposes of the constitutional debt limit and which are paid from an ad valorem property tax levy, unlimited as to rate or amount, separate and distinct from the operations and maintenance levy.

(2) The obligations under intergovernmental contracts are general obligations of the governmental entity to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. This amount excludes any applicable GEFA, SRF loans, the South Fulton Municipal Regional Water and Sewer Authority (now known as the Middle Chattahoochee Regional Water and Sewer Authority) because they are expected to be paid with revenues from the water and sewerage system. See CITY FINANCIAL INFORMATION – South Fulton Municipal Regional Water and Sewer Authority.

(3) The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City by the gross assessed valuation of property in the County.

(4) The financial obligations under the capital leases do not constitute general obligations of the governmental entity to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the governmental entity to pay the capital lease payments due in each year. The governmental entity's obligations under the capital leases are from year to year only and do not constitute mandatory payment obligations of the governmental entity in any year in which funds are not appropriated by the governmental entity to pay the capital lease payments due in such year. Capital leases do not constitute debt for purposes of the constitutional debt limit, but are subject to a similar statutory debt limit.

### Proposed Debt

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



## Limitations on City Debt

*General Obligation Debt.* The Constitution of the State of Georgia provides that the City may not incur long-term general obligation debt payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City may not incur long-term obligations payable out of general property taxes in excess of ten percent of the assessed value of all taxable property within the City. Refunded obligations cease to count against the City's debt limitations.

As computed in the table below, based upon the 2021 assessed value of all taxable property located in the City, the City could incur (upon necessary voter approval) approximately \$122,253,466 in additional long-term obligations payable out of general property taxes (or general obligation bonds).

### Computation of Legal Debt Margin

Net Bond Digest	\$1,308,234,660
Debt Limit (10% of Assessed Value)	130,823,466
Less: Amount of Debt Applicable to Debt Limit	<u>8,570,000</u>
Legal Debt Margin	<u>\$ 122,253,466</u>

*Other Debt.* Short-term obligations (those payable within the same calendar year in which they are incurred) and intergovernmental obligations are not subject to the constitutional limitations described above. Georgia law provides that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may (with certain exceptions) be executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

- (a) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special City one percent sales and use tax proceeds collected; or
- (b) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

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## Tax Supported Debt Ratios

The following table sets forth certain debt ratios following issuance of the Bonds.

	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
Per Capita Debt <sup>(1)</sup>	\$1,013.23	\$321.15	\$1,334.38
Percentage of Gross Tax Digest <sup>(2)</sup>	1.573%	0.499%	2.072%
Percentage of Fair Market Value <sup>(3)</sup>	0.629%	0.199%	0.829%
Per Capita Debt as Percentage of Per Capita Income <sup>(4)</sup>	4.425%	1.403%	5.828%

<sup>(1)</sup> Based upon 2020 Census population figure of 26,830.

<sup>(2)</sup> Based upon 2021 gross tax digest of \$1,727,953,530.

<sup>(3)</sup> Based upon 2021 estimated fair market value of \$4,319,883,825.

<sup>(4)</sup> Based upon a 2020 per capital income figure of \$22,896.

## CITY FINANCIAL INFORMATION

### Accounting System and Policies

See Note 1 of the audited financial statements of the City for a detailed description of the City's significant accounting policies.

### Five Year General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balances of the City's General Fund for the past five fiscal years. Information in the following table has been extracted from the audited financial statements of the City. Although such information has been taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City, copies of which are available from the City upon request.

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	Fiscal Year Ended August 31,				
	2017	2018	2019	2020	2021
Revenues:					
Property taxes	\$9,727,696	\$11,222,952	\$12,666,660	13,218,821	\$16,627,532
Sales taxes	5,123,441	5,416,867	5,717,529	5,342,196	5,939,236
Other taxes	1,235,983	1,311,944	1,412,243	1,486,911	1,564,186
Charges for services	343,468	451,807	852,464	866,475	672,733
Licenses and permits	2,217,042	2,630,270	2,649,636	2,966,018	3,052,106
Intergovernmental	-	17,172	-	-	-
Franchise taxes	1,360,726	1,398,275	1,506,941	1,569,209	1,478,829
Fines and forfeitures	550,815	589,873	729,045	684,401	296,972
Interest earned	37,145	55,019	558,443	415,609	92,956
Rental Income	19,461	30,882	22,436	24,780	45,390
Miscellaneous	76,919	84,539	136,522	83,707	159,259
Total revenues	<u>20,692,696</u>	<u>23,209,540</u>	<u>26,250,929</u>	<u>26,658,127</u>	<u>29,929,199</u>
Expenditures:					
Current:					
General government	2,858,554	3,236,894	3,918,581	4,333,626	4,848,008
Judicial	361,155	340,609	397,435	446,479	438,288
Public safety	8,739,533	9,490,907	10,108,143	11,181,258	11,627,816
Public works	1,341,076	1,671,281	2,421,293	2,091,688	2,300,131
Parks and recreation	453,919	477,397	766,940	1,012,296	833,440
Planning and Economic Development	523,224	723,201	811,716	1,041,688	918,242
Debt service:					
Principal	91,729	94,967	-	-	-
Interest	10,061	6,823	-	-	-
Total expenditures	<u>14,379,251</u>	<u>16,042,079</u>	<u>18,424,108</u>	<u>20,107,035</u>	<u>20,965,925</u>
Excess (deficiency) of revenues over expenditures	<u>6,313,445</u>	<u>7,167,461</u>	<u>7,826,821</u>	<u>6,551,092</u>	<u>8,963,274</u>
Other financing sources (uses):					
Transfers in <sup>(1)</sup>	304,641	758,198	1,547,895	745,183	1,282,939
Transfers out <sup>(2)</sup>	<u>(2,465,495)</u>	<u>(3,330,372)</u>	<u>(8,425,417)</u>	<u>(3,718,978)</u>	<u>(5,122,711)</u>
Total other financing sources (uses)	<u>(2,160,854)</u>	<u>(2,572,174)</u>	<u>(6,877,522)</u>	<u>(2,973,795)</u>	<u>(3,839,772)</u>
Net change in fund balances	4,152,591	4,595,287	949,299	3,577,297	<u>5,123,502</u>
Fund balances, beginning of year	<u>10,423,604</u>	<u>14,576,195</u>	<u>19,171,482</u>	<u>20,120,781</u>	<u>23,698,078</u>
Fund balances, end of year	<u>\$14,576,195</u>	<u>\$19,171,482</u>	<u>\$20,120,781</u>	<u>\$23,698,078</u>	<u>\$28,821,580</u>

<sup>(1)</sup> Transfers in primarily represent of transfers from the Sanitation Fund, the Stormwater Fund, the Hotel/Motel Fund and the Motor Vehicle Fund.

<sup>(2)</sup> Transfers out primarily represent consist of transfers to the E911 Fund, the Water and Sewer Fund and the City's Capital Projects Fund.

## Interim Financial Statements

Set forth below is a summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the ten-month periods ended June 30, 2021 and 2022. The information in the following table has not been audited and was prepared by the City's staff on a modified accrual basis. Therefore, such information should not be compared with the financial information in the table above. The financial results for the ten-month period ended June 30, 2022 are not necessarily indicative of the actual financial results for the fiscal year ending August 31, 2022.

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	June 30,	
	<u>2021</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 14,704,048	\$ 16,511,906
Sales taxes	4,749,116	5,798,944
Franchise taxes	1,418,501	1,579,656
Business taxes	1,405,484	1,494,393
Insurance Premium Tax	1,551,377	1,000,000
Licenses and permits	1,197,971	1,882,877
Fines and forfeitures	273,159	498,970
Other Revenue	<u>2,015,004</u>	<u>4,238,881</u>
Total revenues	<u>\$ 27,314,659</u>	<u>\$ 33,005,627</u>
Expenditures:		
Current:		
General government	\$3,644,609	\$5,282,813
Judicial	337,164	470,743
Public safety	9,277,824	12,488,819
Public services	1,860,938	1,723,724
Parks and recreation	627,286	795,717
Community development	760,600	987,501
Contingency	-	<u>333,717</u>
Total expenditures:	<u>\$16,508,421</u>	<u>\$22,083,035</u>
Excess (deficiency) of revenues over expenditures	\$ 10,806,238	\$ 10,922,592
Other financing sources (uses):		
Transfers in	\$1,331,476	\$ 156,117
Transfers out	0	(10,000,000) <sup>(1)</sup>
Total other financing sources (uses)	<u>\$1,331,476</u>	<u>\$(9,843,883)</u>
Net change in fund balances	<u>\$12,137,715</u>	<u>\$ 1,078,709</u>

<sup>(1)</sup> Represents a transfer to the Capital Projects Fund.

### **Budgetary Process and Budget**

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

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

General Fund Budget for the Fiscal Year Ending August 31, 2023  
(Cash Basis of Accounting)

Revenues:	
Property taxes	\$16,510,000
Other taxes	3,150,000
Local Option Sales Tax	7,000,000
Franchise taxes	1,582,000
Licenses and Permits	1,803,500
Fines and forfeitures	800,000
Budgeted Fund Balance	5,235,161
Other revenues	<u>2,310,200</u>
Total revenues:	<u>\$38,390,861</u>
Expenditures:	
General government	\$6,904,890
Judicial	750,251
Public safety	15,171,419
Public Services	2,949,946
Parks and recreation	1,204,146
Community Development	1,628,163
Miscellaneous Expense	<u>500,000</u>
Total expenditures:	<u>\$29,108,815</u>
Revenues over (under) expenditures	<u>\$9,282,046</u>
Other financing sources (uses)	
Transfers from other funds <sup>(1)</sup>	750,389
Transfers to other funds <sup>(2)</sup>	<u>(10,032,435)</u>
Total other financing sources (uses)	<u>\$(9,282,046)</u>
Net change in fund balances	<u>\$0</u>

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

<sup>(2)</sup> Transfers out consist of transfers to the E911 Fund, the Water and Sewer Fund and the City's Capital Projects Fund.

### South Fulton Municipal Jail Authority

Historically, the Jail Authority's total outstanding bonded indebtedness was backed by the full faith and credit of the City pursuant to an intergovernmental agreement between the City and the Jail Authority. On October 1, 2018, the County and the Jail Authority entered into an intergovernmental agreement, which refunded the Jail Authority's outstanding indebtedness and the County agreed to pay the Jail Authority amounts sufficient to pay the debt service on the refunding bond.

### South Fulton Municipal Regional Water and Sewer Authority

In 2001, the City, the City of Fairburn and the City of Palmetto (collectively, the "Cities") created by joint resolutions the South Fulton Municipal Regional Water and Sewer Authority (now known as the Middle Chattahoochee Regional Water and Sewer Authority) (the "Water and Sewer Authority") to provide alternative water and sewer resources for the Cities (the "Water and Sewer Project"). The affairs of the Water and Sewer Authority are conducted by its seven members, consisting of (i) the chief elected officials of each of the Cities, (ii) three members appointed by the governing authority of the Cities (one member appointed by each City) and (iii) one

member selected by a majority vote of the members of the Georgia General Assembly, whose legislative districts include all or any part of any of the Cities.

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

The City has contractually obligated itself pursuant to an intergovernmental agreement between the Cities and the Water and Sewer Authority to use its full taxing powers to pay its percentage share of the amounts which are required to enable the Water and Sewer Authority to pay the principal of and premium, if any, and interest on the Series 2014 Bonds (the “Series 2014 Contract Payments”). The City’s percentage share is a several, not joint, obligation and is calculated based on proportionate water usage of the Cities’ respective water distribution systems.

The water reservoir system did not receive the necessary permits to begin construction, and all bond proceeds from the Series 2014 Bonds have been spent on engineering and legal costs as well as all necessary land acquisitions needed for the water reservoir system. The City is no longer pursuing a reservoir system. However, at this time, the City is still pursuing alternate water resources and in 2020 the Water and Sewer Authority received a surface water withdrawal permit from Georgia EPD to withdraw water directly from the Chattahoochee River. The Water and Sewer Authority has hired a professional engineering design firm to provide preliminary engineering services for a conceptual design of a phased water withdrawal, treatment and distribution system to connect with existing infrastructure of its three member Cities. A Section 404(b) permit would not be required as the City would not be impounding water. Should this project proceed, it would require additional funding, but no assurances can be given as to the exact amount or the sources of the funding. Alternatively, the City could enter into a long-term water supply contracts with the City of Atlanta. The City remains severally liable for its percentage shares of the Series 2014 Contract Payments. Historically, the City’s percentage share has been around 50% of the Series 2014 Contract Payments; however, there can be no assurances as to the percentage share remaining the same going forward.

### **Insurance Coverage and Governmental Immunity**

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

The City is a participating member of the Georgia Interlocal Risk Management Agency (“IRMA”) Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers’ Compensation Fund (the “GMA Fund”). IRMA and the GMA Fund are public entity risk pools operating as common risk management and insurance programs for member local governments. Each risk pool provides its members risk management services in order to reduce the risk of liability before litigation arises. As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools’ agents and attorneys, to follow loss reduction strategies established by the pools and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the pools being required to pay any claim of loss. Annual contributions by members are weighted to reflect the size of the member, the level of proprietary services offered to the member, its prior litigation history, and a risk analysis. Although protected by reinsurance purchased directly by IRMA, the solvency of the pool is assured through the agreement of

its members to be jointly and severally liable for the self-insurance pool's obligations. Settled claims in the last three fiscal years have not exceeded the City's coverages. See Note 15 to the City's audited financial statements attached hereto as Appendix A.

### **Investment of Other Moneys**

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the United States and of its agencies and instrumentalities,
- (2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, and
- (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Section 36-83-4 of the Official Code of Georgia Annotated provides that the governing body of the City may invest and reinvest money subject to its control and jurisdiction in:

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

Section 45-8-14 of the Official Code of Georgia Annotated provides that the City shall designate one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations as depositories of moneys belonging to the City. Except as described below for certain operating funds, Section 45-8-12 of the Official Code of Georgia Annotated requires depositories to collateralize deposits in excess of the amount insured by the Federal Deposit Insurance Corporation. Banks participating in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated having a value ranging from 25% to 110% of the uninsured deposit. The level of the collateral requirement is based upon the financial condition of the bank. Banks that do not participate in the State's Secure Deposit Program are required to pledge securities listed in Section 50-17-59 of the Official Code of Georgia Annotated or surety bonds having a value of 110% of the uninsured deposit. Section 45-8-11 of the Official Code of Georgia Annotated allows the City, in its discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts. SunTrust Bank, the City's current depository, participates in the Secure Deposit Program and currently is required to collateralize public fund deposits, such as the City's deposits, at 100% of the uninsured deposit. The collateralization percentage is subject to change and the City may, in its

discretion, transfer its depository relationship to other financial institutions, which may or may not participate in the Secure Deposit Program.

## **CITY AD VALOREM TAXATION**

### **Introduction**

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

### **Property Subject to Taxation**

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

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

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

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



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

### **Motor Vehicles**

A 2012 Georgia law eliminated the ad valorem taxation of new vehicles and replaced it with a one-time title tax (the “Title Tax”) that is levied whenever the title to a vehicle is registered to a new owner (except if a transfer is made between immediate family members). The Title Tax is based upon the fair market value of the vehicle and is levied at a rate of 6.6% in 2022. The rate may be adjusted in future years; provided, however, the rate may not exceed 9%. The revenues are shared among the State and local governments by formula. As a result of this change in law, the assessed value of motor vehicles subject to ad valorem tax in the City has decreased, and the City expects the assessed value of motor vehicles to continue to decrease in future years as motor vehicles subject to ad valorem tax come out of service.

### **Assessed Value**

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

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

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

*Impact of Foreclosures on Assessment Procedures.* A 2009 Georgia law requires tax assessors to consider foreclosure sales, bank sales, sales by other financial institutions, distressed sales and the decreased value of property subject to conservation easements in determining the fair market value of real property. In addition, Senate Bill 55 modifies the time that applications for conservation use assessments may be filed.

### **Annual Tax Levy**

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

*Rollback Procedural Requirements.* A 2000 Georgia law known as “The Property Taxpayer’s Bill of Rights” (the “Taxpayer’s Act”) changes certain procedural requirements relating to the setting of the millage rate. One of the purposes of the Taxpayer’s Act was to prevent indirect tax increases resulting from increases to existing property values due purely to inflation. The Taxpayer’s Act requires that each taxing jurisdiction located within the State (including local governments, such as the City), roll back (or reduce) the millage rate in each year to offset any inflationary increases in the tax digest of such taxing jurisdiction that have occurred since the last tax year. Any local government or taxing jurisdiction that elects to set the millage rate higher than the rollback rate must follow certain requirements to notify the public of such increase, including three public hearings, the publication of a notice of the increase in the local newspaper and the publication of a press release to explain the intent of the increase in taxes.

### **Property Tax Collections**

The City bills and collects its own property taxes. Real and personal property taxes, except motor vehicle taxes, are levied on or about November 15 of each year on the assessed value listed as of January 1. Taxes levied by the City on or about November 15 of each year are mailed during November with a due date of January 15. Interest applies to taxes paid after the due date as prescribed in Section 48-2-40 of the Official Code of Georgia Annotated, and penalties apply to taxes paid more than 120 days after the due date as prescribed in Section 48-2-44.

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

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

When the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, an execution for nonpayment of taxes may be issued. A notice of the sale is then published in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by third-party vendor at City Hall on the first Tuesday of the month after the required notices are given.

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## Property Tax Millage Rates

The following table sets forth the millage rates<sup>(1)</sup> of the City and various taxing entities located within the City for the last five calendar years and the current calendar year.

<u>Calendar Year</u>	<u>State</u>	<u>City M&amp;O</u>	<u>City Bond</u>	<u>County M&amp;O</u>	<u>County Bond</u>	<u>School</u>
2017	0.000	14.665	1.760	10.630	0.000	18.546
2018	0.000	13.332	1.630	10.430	0.000	17.796
2019	0.000	12.952	1.374	9.899	0.220	17.796
2020	0.000	12.893	1.150	9.776	0.220	17.796
2021	0.000	12.138	1.059	9.330	0.210	17.590

<sup>(1)</sup> The tax rates per \$1,000 of assessed value. Includes both maintenance and operations and bond millage.  
Source: Georgia Department of Revenue.

## Ad Valorem Property Tax Digest

The State certified property tax digests, or the assessed valuations, of the City for the last five calendar years are set forth below.

<u>Property Type<sup>(1)</sup></u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	\$ 170,449,710	\$ 260,786,830	\$ 304,883,490	\$ 359,136,200	\$413,349,440
Agricultural	23,840	31,400	3,433,360	4,540,520	2,871,440
Conservation Use	497,000	619,920	813,840	602,480	—
Commercial	943,576,850	956,679,360	1,022,801,000	984,727,630	1,033,848,350
Industrial	151,192,120	160,830,210	167,839,900	208,667,380	263,554,530
Utility	8,163,077	7,572,362	12,370,634	11,621,051	10,074,387
Motor Vehicle	7,063,210	4,979,430	3,722,600	3,090,630	2,592,310
Mobile Home	377,617	619,694	619,694	809,793	804,713
Timber 100%	—	18,650	—	—	—
Heavy Equipment	<u>7,276</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Gross Digest	1,283,350,700	1,392,137,856	1,516,654,773	1,573,195,684	1,727,953,530
M&O Exemptions	<u>246,902,426</u>	<u>635,951,125</u>	<u>638,623,285</u>	<u>454,097,360</u>	<u>456,518,326</u>
Net M&O Digest	<u>\$ 1,036,448,274</u>	<u>\$ 756,186,731</u>	<u>\$ 878,031,488</u>	<u>\$ 1,119,098,324</u>	<u>\$ 1,271,435,204</u>
Bond Exemptions	<u>236,408,210</u>	<u>620,984,050</u>	<u>623,397,290</u>	<u>430,436,210</u>	<u>419,718,870</u>
Net Bond Digest	<u>\$ 1,046,942,490</u>	<u>\$ 771,153,806</u>	<u>\$ 893,257,290</u>	<u>\$ 1,142,759,474</u>	<u>\$ 1,308,234,660</u>
Estimated Actual Value	\$3,208,376,750	\$3,480,344,640	\$ 3,791,636,933	\$ 3,932,989,210	\$ 4,319,883,825

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

Source: Georgia Department of Revenue

## Tax Collections

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

Fiscal Year Ended August 31	Total Tax Levy for Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(3)</sup>	Total Collections to Date	
		Amount <sup>(2)</sup>	Percentage of Levy		Amount	Percentage of Levy
2018	\$10,768,051	\$10,521,699	97.71%	\$174,001	\$10,695,700	99.33%
2019	11,855,967	11,657,144	98.32	91,816	11,748,960	99.10
2020	12,547,951	12,168,746	96.98	146,094	12,314,840	98.14
2021	16,258,100	14,800,737	91.04	151,503	14,952,239	91.97
2022 <sup>(3)</sup>	16,161,861	15,532,601	96.11	0	15,532,601	96.11

(1) Represents taxes levied for real and personal property and utilities only (excludes motor vehicles and mobile homes). Relates to preceding calendar year tax digest and millage rates. For example, the 2021 digest and millage rates are used for the fiscal year 2022 levy.

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

(3) Collections through July, 2022.

Source: Union City.

## Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the City for the fiscal year ending August 31, 2022, based upon the assessed valuation of property within the City. A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels that have a taxpayer name match may have an aggregate assessment set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the City under other names that have not been aggregated. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City.

<u>Taxpayer</u>	<u>2021 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation<sup>(1)</sup></u>
1. Development Authority of Fulton County	202,939,930 <sup>(2)</sup>	15.962%
2. Google Inc	138,283,000	10.876
3. B9 Malbec South Fulton Pkwy	56,289,840	4.427
4. Coca Cola Bottling Company	21,591,480	1.698
5. Kellogg Sales Company	17,874,120	1.406
6. Jeld-Wen Inc	16,825,400	1.323
7. PPF Industrial 5390 Hunter ROA	16,330,120	1.284
8. Intercapital LRE Legacy LLC	15,838,080	1.246
9. USEF I 85 Distribution Center	15,726,720	1.237
10. Intergerman Evergreen Commons	11,511,920	0.905
	<u>\$513,210,610</u>	<u>40.36%</u>

(1) Based upon the 2021 net maintenance and operations digest of \$1,271,435,204.

(2) Consists of approximately 30 parcels owned by the Authority and leased to companies for purposes of tax abatement.

Source: Union City.

## RATINGS

Moody's Investors Service, Inc. has assigned a rating of Aa2. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that either such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the liquidity and market price of the Bonds. Neither the Underwriter nor the City has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

## LEGAL MATTERS

### Pending Litigation

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

### Tax Exemption

*Generally.* Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

*Federal Taxes.* In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. No opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Bonds.

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

In rendering our opinion that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (a) rely as to certain factual matters upon certificates and certified proceedings of public officials, including officials of the City and the Authority, and representations of the City and the Authority with respect to, among other things, the use and investment of the proceeds of the Bonds without undertaking to verify the same by independent investigation, and (b) assume the continued compliance by the City and the Authority with their covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Code. The inaccuracy of any such certificates or representations or noncompliance with such covenants may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

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

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

*Changes in Federal Tax Law.* Current and future legislative proposals, if enacted by Congress, could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds or could cause interest on the Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

*State Taxes.* In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Bonds should consult their tax advisors as to the taxable status of the Bonds in a particular state or local jurisdiction other than Georgia.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Atlanta, Georgia, Bond Counsel and Disclosure Counsel to the City. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds. Certain legal matters for the Authority and the City will be subject to the approval of McNally, Fox, Grant & Davenport, P.C., Fayetteville, Georgia.

## **FINANCIAL STATEMENTS**

The financial statements of the City for the fiscal year ended August 31, 2021 included in Appendix A have been audited by Mauldin & Jenkins, LLC to the extent indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Mauldin & Jenkins, LLC. Mauldin & Jenkins, LLC has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mauldin & Jenkins, LLC also has not performed any procedures relating to this Official Statement.

### **COMPETITIVE SALE OF BONDS**

The Bonds are being purchased by Hilltop Securities Inc. (the “Underwriter”), as the successful bidder pursuant to a competitive sale. The Underwriter has agreed to purchase the Bonds at a purchase price of \$20,397,824.24 (representing par, plus net original issue premium of \$1,861,326.30, less an underwriting discount of \$78,502.06). The Underwriter’s obligation to purchase the Bonds is subject to certain conditions precedent set forth in the Notice of Sale. The Underwriter will be obligated to purchase all of the Bonds if any are purchased. The prices of the Bonds may be changed by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold by the Underwriter at prices other than the initial offering prices, including sales to dealers who may sell the Bonds to investment accounts.

### **FINANCIAL ADVISOR**

Davenport & Company LLC, Atlanta, Georgia, is acting as the City’s financial advisor and has no underwriting responsibility to the City with respect to this transaction. As financial advisor, Davenport & Company LLC has advised the City in matters relating to the planning, structuring and issuance of the Bonds, assisted the City with the preparation of this Official Statement and provided to the City other advice with respect to the issuance and sale of the Bonds. The financial advisor’s fee will be paid from proceeds of the Bonds.

### **MISCELLANEOUS**

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or owners of any of the Bonds.

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**AUTHORIZATION OF OFFICIAL STATEMENT**

The execution and delivery of this Official Statement have been duly authorized by the City and the Authority.

**UNION CITY PUBLIC FACILITIES AUTHORITY**

By: /s/ Brian Poe  
Chairperson

**CITY OF UNION CITY, GEORGIA**

By: /s/ Vince R. Williams  
Mayor



**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE CITY  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

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2021

# Annual Comprehensive Financial Report

For Fiscal Ended August 31

**CITY OF UNION CITY, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**AUGUST 31, 2021**

Prepared by:  
Union City Finance Department

# CITY OF UNION CITY, GEORGIA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

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### TABLE OF CONTENTS

#### Page

#### INTRODUCTORY SECTION

Letter of Transmittal .....	i – iv
Certificate of Achievement for Excellence in Financial Reporting .....	v
Organizational Chart .....	vi
List of Principal Officials .....	vii

#### FINANCIAL SECTION

Independent Auditor's Report .....	1 - 3
Management's Discussion and Analysis .....	4 - 13

#### Basic Financial Statements:

##### Government-wide Financial Statements:

Statement of Net Position .....	14
Statement of Activities .....	15

##### Fund Financial Statements:

Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund .....	20
Statement of Revenues, Expenses and Changes in Fund Balances – Budget (GAAP Basis) and Actual – ARPA Fund .....	21
Statement of Net Position – Proprietary Funds .....	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds .....	24 and 25
Notes to Financial Statements .....	26 – 57

#### Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios .....	58
Schedule of City Contributions .....	59

# CITY OF UNION CITY, GEORGIA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

---

### TABLE OF CONTENTS (CONTINUED)

### Page

#### FINANCIAL SECTION (CONTINUED)

#### Combining Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	60 and 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	62 and 63
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
TSPLOST Fund .....	64
Capital Projects Fund.....	65
Special Revenue Funds:	
Federal Seized Funds Fund.....	66
Vehicle Rental Excise Tax Fund.....	67
Hotel/Motel Tax Fund .....	68
Emergency 911 Fund .....	69
Tax Allocation District Fund.....	70
Multiple Operating Grant Fund.....	71
Capital Projects Funds:	
CDBG Fund .....	72
Debt Service Funds:	
2014 Certificate of Participation Debt Service Fund .....	73
2017 General Obligation Bond Debt Service Fund .....	74
Schedule of Projects Constructed with Proceeds from Transportation Special Purpose Local Option Sales Tax (TSPLOST).....	75
Statement of Cash Flows – Component Unit .....	76

# CITY OF UNION CITY, GEORGIA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

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### TABLE OF CONTENTS (CONTINUED)

#### Page

#### STATISTICAL SECTION

##### Fund information:

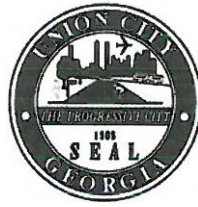
Net Position by Activity .....	77
Changes in Net Position.....	78 – 80
Fund Balances, Governmental Funds .....	81
Changes in Fund Balances, Governmental Funds.....	82 and 83
Assessed Value and Estimated Actual Value of Taxable Property .....	84
Direct and Overlapping Property Tax Rates .....	85
Property Tax Levies and Collections.....	86
Principal Property Taxpayers .....	87
Ratio of Outstanding Debt by Type.....	88
Ratio of General Bonded Debt Outstanding .....	89
Legal Debt Margin Information .....	90
Direct and Overlapping Governmental Activities Debt.....	91
Pledged-Revenue Coverage .....	92
Demographic and Economic Statistics .....	93
Principal Employers .....	94
Full-Time Equivalent City Employees by Function/Program .....	95
Operating Indicators by Function .....	96
Capital Assets Statistics by Function.....	97

#### COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	98 and 99
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniformed Guidance .....	100 and 101
Schedule of Expenditures of Federal Awards .....	102
Schedule of Findings and Questioned Costs .....	103 – 105
Status of Prior Year Findings .....	106
Management's Corrective Action Plan .....	107

## **INTRODUCTORY SECTION**





THE CITY OF  
**UNION CITY**  
GEORGIA

**September 12, 2022**

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

The Annual Comprehensive Financial Report (ACFR) of Union City, Georgia for the fiscal year ending August 31, 2021, is hereby submitted as mandated by State law. The report is presented to demonstrate the City's financial position and activities and was audited by Mauldin and Jenkins, LLC, a firm of licensed certified public accountants.

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

Mauldin & Jenkins, LLC audited the City's financial statements with the goal of providing reasonable assurance that they were free of any material misrepresentation. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the fiscal year ended August 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section. Management's Discussion and Analysis can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Union City, incorporated in 1908, is located in the north-central part of Georgia on Interstate 85 in South Fulton County, the largest county in the State. The City currently occupies a land area of 19.11 square miles, with a population of 26,830 residents. Approximately 15 miles south of downtown Atlanta, Union City is only 5 miles from Hartsfield-Jackson International Airport and is part of the metropolitan statistical area.

The City operates under a Mayor and Council-Chief Administrative Officer form of government. A City Manager is appointed and serves at the pleasure of the City Council. Adoption of a balanced budget and the establishment of a tax rate in support of city programs is executed annually by the Council. The City Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Council.

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

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

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

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2021, by the Mayor and Council.

## **DISTINGUISHING ATTRIBUTES OF UNION CITY, GEORGIA**

Union City has great accessibility to three major interstate highways: 1-20, 1-75, and 1-85, all of which provide superior logistical connectivity to cities in the southeastern region of the U.S. As the City grows, there is a continuous effort to ensure infrastructure is sustainable. The community is encouraging active transportation as well as a network of continuous bike and sidewalk routes. TSPLOST, a Transportation Special Purpose Local Option Sales Tax, could provide critical assistance with this effort. The tax serves as a resource in supporting infrastructure projects, improving safety, reducing congestion, and improving quality of life

for residents. Projects completed with TSPLOST funding include: Street Resurfacing of Highpoint Road, Bryant Street, Union Street, Watson Street, College Street, Alexander Street, Baker Street, and Union Pointe Drive.

The local economy has been and continues to be on an upward trend regarding population growth as well as economic development. With the increase of both national and international corporations choosing to join Union City, the area continues to bolster a healthy tax digest that will sustain it well into the future. Recent community partners include PAC Worldwide and the addition of two Amazon facilities. The City is encouraging current businesses to expand their operations which will afford the community the ability to provide quality jobs to residents. Costco Wholesale facility has completed a 50,000 square foot expansion and ASOS announced a \$100 million dollar expansion of their facility.

This expanded economy has been a laborious movement where more than several million dollars in investment has occurred. This is made possible by the residential and commercial permits issued by the Community Development Department. Housing options are also increasing with the establishment of mixed-use residential community, market rate multi-family, townhomes and single-family communities.

The City maintains a federal designation as a Georgia Foreign Trade Zone (GFTZ) which helps businesses remain competitive, reducing processing fees, custom fees and enhancing the movement of goods in a global marketplace. With this incentive, the community continues to maintain a solid yet distinctive blend of business clusters that are strategically designed to succeed.

#### **LOCAL ECONOMIC CONDITIONS**

Unlike the 2008 financial crisis, COVID-19 is a "disruption" which impacted the entire economy both globally and nationally. These unparalleled times pose a serious threat to the City's existing and future General Fund revenues which are used for operating expenses.

To combat the spread of COVID-19, the City enacted numerous restrictions including several mandates along with the closure of several public facilities. As a result, the fiscal year 2021 General Fund budget was developed to be adaptable to economic factors affected by the pandemic, particularly as it pertains to local option sales tax, licenses and permits, fines, hotel/motel, and other taxes.

#### **MAJOR INITIATIVES**

Several projects were undertaken during Fiscal Year 2021. The City, for example, was able to upgrade its parks and recreation system with the addition of a new skate park. Additionally, the Kenneth Johnson Depot was reconstructed. This facility provides the community with new public gathering space via a state-of-the-art conference center. A new gateway was installed along the Shannon Parkway Corridor, further fortifying the City's desire to establish a sense of place and identity. The City also began its arts and community engagement initiative. This comprised the painting of trains for distribution at strategic locations in the City. Vital resources were procured for public safety including a new fire engine and police cars. Maintenance of City roadways, repair of infrastructure and storm water improvements also serve as examples

of initiatives executed during the year.

#### **REPORTING ACHIEVEMENTS AND RECENT AWARDS**

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to cities for its Annual Comprehensive Financial Report. The City of Union City is currently under review for the fiscal period ending August 31, 2020. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

#### **ACKNOWLEDGMENTS**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of Union City, Georgia, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to everyone for their contributions.

Respectfully Submitted,



Sonja Fillingame  
City Manager



Government Finance Officers Association

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

Presented to

**City of Union City  
Georgia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# CITY OF UNION CITY, GEORGIA

## LIST OF PRINCIPAL OFFICIALS AUGUST 31, 2021

---

### **Elected Officials**

Vince Williams, Mayor

#### City Council

Christina Hobbs

Brian K. Jones

Angelette Mealing

Shayla J. Nealy

### **Appointed Officials**

#### City Manager

Sonja Fillingame

#### City Clerk

Shandrella Jewett

#### Chief of Police

Cassandra Jones

#### Chief of Fire Administration

Joe Maddox

#### Director of Public Services

Lonnie Ferguson

### **Directors**

#### Director of Finance

Tarsha Calloway

#### Director of Community Development

Ellis Still

#### Director of Human Resources

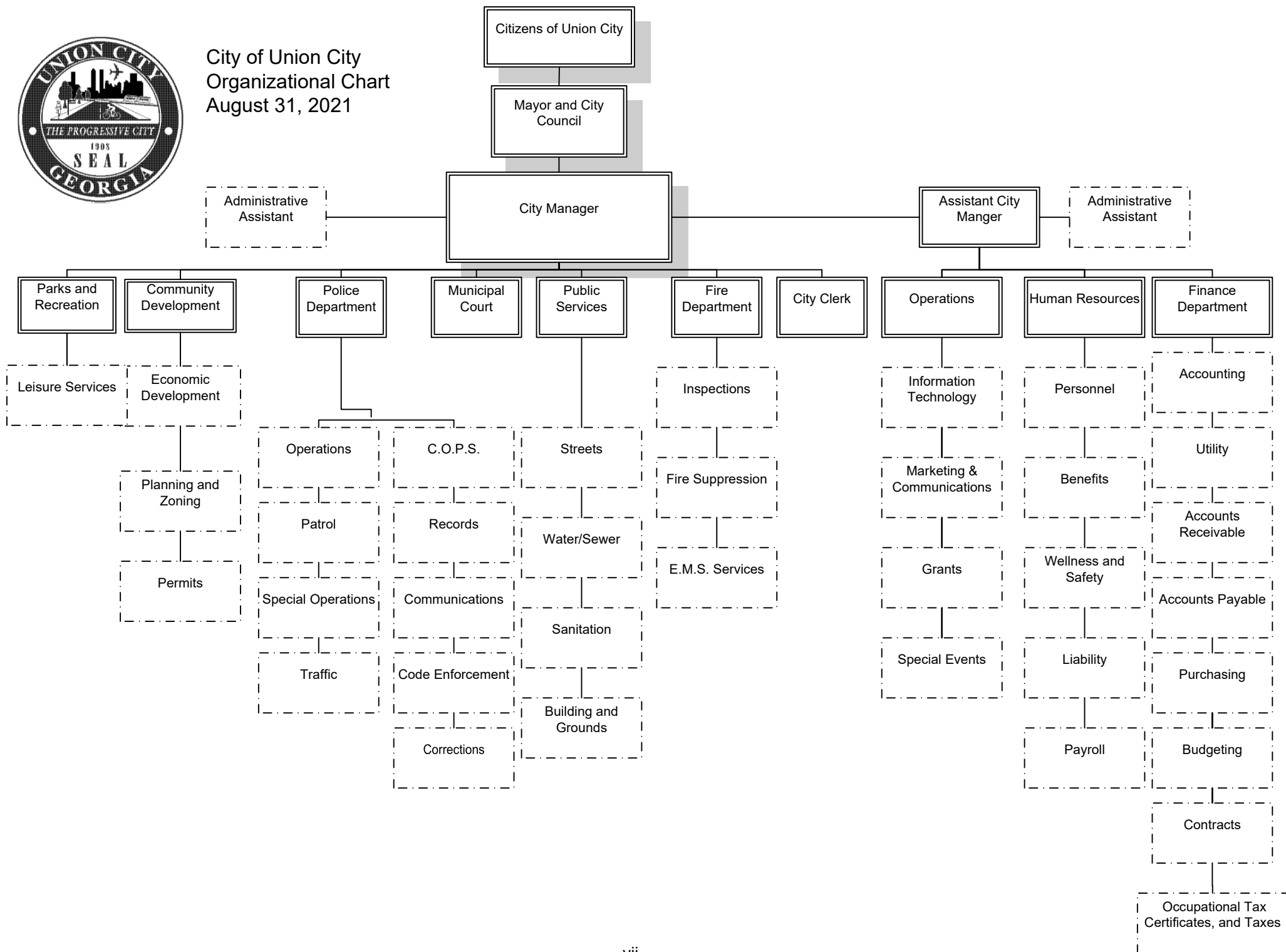
Linda Goodman-Warren

#### Comptroller

VACANT



City of Union City  
Organizational Chart  
August 31, 2021



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

---

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the fiscal year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

---

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and ARPA Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 16, the City of Union City, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of September 1, 2020. This standard significantly changed the accounting for the City's Municipal Court Fund. Our opinions are not modified with respect to this matter

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (on pages 4 through 13), and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions on pages 58 and 59 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, the schedule of projects constructed with proceeds from transportation special purpose local option sales tax (as required by the Official Code of Georgia Annotated 48-8-249) the Schedule of Expenditures of Federal Awards (as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), and the statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

---

*Other Information (Continued)*

The combining and individual fund statements and schedules, the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects constructed with proceeds from transportation special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Union City, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the City of Union City, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 12, 2022

# **CITY OF UNION CITY, GEORGIA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

As management of the City of Union City, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$76,134,591 (net position).
- The City's total net position increased by \$14,753,927 or 24.04%.
- As of the close of the current fiscal year, the City's governmental activities reported ending net position of \$59,957,963 an increase of \$12,785,889 or 27.10% from the prior fiscal year.
- The City's General Fund reported a positive fund balance of \$28,821,580 which represents 137.47% of the current fiscal year expenditures.
- General Fund results were \$10,026,682 better than budgeted.
- The City received \$4,182,301 in grants from the American Rescue Plan Act; however, the City only expended \$396,000 during fiscal year ended August 31, 2021 and therefore leaving \$3,786,301 as unearned revenue as of August 31, 2021.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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

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

The business-type activities of the City include water and sewerage, sanitation, and stormwater management.

The government-wide financial statements include not only the City itself (known as the primary government), but also the South Fulton Municipal Regional Jail Authority and the Union City Development Authority. These are legally separate entities that are component units of the City due to the significance of their operational or financial relationship with the City. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

### **Reporting the City's Most Significant Funds**

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

### **Governmental Funds**

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

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

## **CITY OF UNION CITY, GEORGIA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 16 – 20.

#### **Proprietary Funds**

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

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

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

The City's proprietary fund financial statements are presented on pages 22 – 25.

#### **Overview of the City's Financial Position and Operations**

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

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Net Position						
August 31, 2021 and 2020						
	Governmental		Business Type		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	<b>\$ 58,892,175</b>	\$ 44,647,387	<b>\$ 13,804,307</b>	\$ 11,707,573	<b>\$ 72,696,482</b>	\$ 56,354,960
Capital assets, net	<b>29,052,715</b>	25,925,417	<b>13,663,645</b>	13,028,320	<b>42,716,360</b>	38,953,737
Total assets	<b>87,944,890</b>	70,572,804	<b>27,467,952</b>	24,735,893	<b>115,412,842</b>	95,308,697
Deferred outflow s of resources	<b>3,363,493</b>	3,023,575	<b>573,365</b>	142,782	<b>3,936,858</b>	3,166,357
Other liabilities	<b>13,043,795</b>	7,794,498	<b>4,352,557</b>	3,292,483	<b>17,396,352</b>	11,086,981
Long-term liabilities outstanding	<b>17,977,046</b>	18,324,330	<b>7,495,050</b>	7,361,768	<b>25,472,096</b>	25,686,098
Total liabilities	<b>31,020,841</b>	26,118,828	<b>11,847,607</b>	10,654,251	<b>42,868,448</b>	36,773,079
Deferred inflow s of resources	<b>329,579</b>	305,477	<b>17,082</b>	15,832	<b>346,661</b>	321,309
Net position:						
Net investment in capital assets	<b>18,189,287</b>	14,990,907	<b>7,548,093</b>	5,705,750	<b>25,737,380</b>	20,696,657
Restricted	<b>14,773,527</b>	14,950,289	<b>586,945</b>	1,294,574	<b>15,360,472</b>	16,244,863
Unrestricted	<b>26,995,149</b>	17,230,878	<b>8,041,590</b>	7,208,266	<b>35,036,739</b>	24,439,144
Total net position	<b>\$ 59,957,963</b>	\$ 47,172,074	<b>\$ 16,176,628</b>	\$ 14,208,590	<b>\$ 76,134,591</b>	\$ 61,380,664

### **Financial Position**

The total net position of the City increased \$14,753,927 or 24.04%, from \$61,380,664 to \$76,134,591 as noted in the table above. The increase is primarily the result of better than budgeted balances in the General Fund and management's emphasis on generating reserves for future projects and any further downturns in the economy.

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Net Position						
	Governmental		Business Type		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 4,080,571	\$ 4,557,476	\$ 11,983,090	\$ 10,822,642	\$ 16,063,661	\$ 15,380,118
Operating grants and contributions	1,775,969	291,203	-	-	1,775,969	291,203
Capital grants and contributions	541,082	619,893	-	-	541,082	619,893
General revenues:						
Property taxes	17,849,492	13,450,992	-	-	17,849,492	13,450,992
Sales taxes	9,996,215	8,893,566	-	-	9,996,215	8,893,566
Insurance premium taxes	1,551,377	1,471,609	-	-	1,551,377	1,471,609
Franchise taxes	1,478,829	1,569,209	-	-	1,478,829	1,569,209
Other taxes	603,822	579,425	-	-	603,822	579,425
Miscellaneous	200,233	106,008	-	-	200,233	106,008
Unrestricted investment earnings	98,356	534,631	6,545	11,957	104,901	546,588
Total revenues	38,175,946	32,074,012	11,989,635	10,834,599	50,165,581	42,908,611
Expenses:						
General government	5,271,243	4,888,582	-	-	5,271,243	4,888,582
Judicial	527,323	548,549	-	-	527,323	548,549
Public safety	13,742,563	13,080,397	-	-	13,742,563	13,080,397
Public works	3,094,858	3,392,895	-	-	3,094,858	3,392,895
Parks and recreation	1,199,207	1,359,836	-	-	1,199,207	1,359,836
Economic development	1,053,596	1,049,391	-	-	1,053,596	1,049,391
Interest on long-term debt	442,139	438,781	-	-	442,139	438,781
Water and Sewer	-	-	8,134,362	7,690,586	8,134,362	7,690,586
Sanitation	-	-	1,696,069	1,497,294	1,696,069	1,497,294
Stormwater	-	-	250,294	644,313	250,294	644,313
Total expenses	25,330,929	24,758,431	10,080,725	9,832,193	35,411,654	34,590,624
Increase in net position before transfers	12,845,017	7,315,581	1,908,910	1,002,406	14,753,927	8,317,987
Transfers	(59,128)	(50,753)	59,128	50,753	-	-
Change in net position	12,785,889	7,264,828	1,968,038	1,053,159	14,753,927	8,317,987
Net position, beginning of fiscal year	47,172,074	40,007,246	14,208,590	13,155,431	61,380,664	53,162,677
Net position, end of fiscal year	\$ 59,957,963	\$ 47,272,074	\$ 16,176,628	\$ 14,208,590	\$ 76,134,591	\$ 61,480,664



# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Governmental Activities**

As noted in the table on the preceding page, governmental revenues increased \$6,101,934 or 19.02%. The more significant changes were operating grants and contributions which increased \$1,484,766 or 509.87% as the City benefitted from federal pandemic relief. Property taxes increased \$4,398,500 or 32.7% as a result of increases in assessed property values and commercial growth. Sales taxes which include Local Option Sales Taxes (LOST) and Transportation Special Purpose Local Option Sales Taxes (TSPLOST), increased \$1,102,649 (12.4%) respectively, as the economy recovered from the pandemic.

In total, governmental expenses increased \$472,498 or 1.9% over the prior fiscal year. General Government expenses increased \$382,661 or 7.83% for several reasons as follows. Current fiscal year expenses included approximately \$807,000 of non-capitalizable assets reclassified as general government expenses compared to \$113,000 in the prior fiscal year; General fund operating expenditures increased \$514,382 primarily from increased outsourced professional services. These increases were offset by decreases in liability expenses as a result of change in estimates for legal claims. Public safety expenses increased \$662,166 or 5.06% because of general increases in wages and expenses. Parks and recreation expenses decreased \$160,629 or 11.81% because of decreases in service as a result of the pandemic. Changes in other categories of expense were not significant.

### **Business-Type Activities**

Net position for business-type activities increased \$1,968,038 or 13.85%. The Water and Sewerage Fund reported an increase in net position of \$1,241,703; the Stormwater Fund had an increase in net position of \$541,016; and the Sanitation Fund had an increase in net position of \$185,319.

*The Water and Sewerage Fund* had net operating income of \$2,847,462, \$2,308,887, and \$1,833,777 for fiscal years ending 2021, 2020 and 2019, respectively. Operating income increased \$538,575 in fiscal year 2021 compared to fiscal year 2020. Water and sewerage sales increased \$899,526 or 12.24%, primarily from new development. Operating expenses increased \$282,954 or 4.79% primarily from increases in water and sewerage purchases. The Water and Sewer Fund continues to bear non-operating expenses for obligations under an intergovernmental agreement with the South Fulton Regional Water Authority to fund the repayment of construction bonds for alternative water and sewer resources. These obligations were \$1,619,196, \$1,496,640, and \$1,516,551 for fiscal years 2021, 2020 and 2019, respectively. (See Note 13, page 55).

*The Stormwater Fund* had net operating income of \$681,364, \$205,354, and \$349,410 for fiscal years ending 2021, 2020, and 2019, respectively. Contributing to the increase in operating income for 2021 over this period were decreases in outsourced professional services for city wide stormwater planning. The City expended \$324,000 in fiscal 2020 for such services and none were required in 2021.

*Sanitation Fund.* The City manages the billing and collection of revenues for its Sanitation customers, and outsources the collection and disposal of garbage to a private vendor for both residential and commercial customers. The City's goal in the process is to, at a minimum, break even and attempt to maintain a level retained earnings balance in order to refrain from having to transfer funds into the Sanitation activities from other sources. This is a service that the City provides to its residents which aides residents further by controlling and maintaining the lowest cost for these services, as opposed to allowing a private vendor to

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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take over the entire process and expose residents to garbage fees that could be inflated for profit reasons. The Sanitation Fund had net income before transfers of \$322,468, \$264,317; and \$267,030; for fiscal years ending 2021, 2020, and 2019, respectively.

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

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

### **Governmental Fund Balance and Proprietary Net Position – Major Funds**

The City's combined fund balances as of the end of the current year for governmental funds, presented on pages 18 and 19, are \$45,600,045. This balance represents an increase of \$6,914,986 or 17.88% from last fiscal year's ending balance.

The General Fund's fund balance has increased \$5,123,502 or 21.62% as the City continues to build reserves for funding future capital projects and as a hedge against future economic disruptions. The T-SPLOST Fund's fund balance has increased \$1,529,165 or 14.94% as the City collects T-SPLOST proceeds for transportation projects projected to start in future fiscal years. The City received \$4,182,301 in grants from the American Rescue Plan Act Fund and is holding \$3,786,301 in cash for future eligible and allowable expenditures. The Capital Projects Fund increased \$164,033 or 7.87% as planned capital projects are in progress.

As noted in the table on the following page, excess of revenues over expenditures prior to other financing sources in the Governmental Funds was \$6,792,578 as compared to \$5,265,737 in the prior fiscal year. Governmental revenues increased \$4,232,635 or 13.03%. Property taxes increased \$3,408,711 or 25.79% due to increases in property values and additional commercial development within the city. Sales and other taxes increased \$1,102,649 (12.4%) and \$104,164 (5.08%) as the local economy recovers from the pandemic. Fines and forfeitures decreased \$387,489 or 56.61% due to more community service penalties as opposed to financial penalties and court backlog. Interest revenues decreased \$414,114 or 77.46% as a result of decreases in interest rates.

Overall governmental expenditures increased \$2,705,794 or 9.94%. General government expenditures increased \$551,083 or 12.7% because of overall increases in general operating costs primarily outsourced professional services. Public safety expenditures increased \$905,252 or 7.41% as a result of general increases in wages and other expenditures. Parks and recreation expenditures decreased \$178,978 or 17.65% due to reduction in services as a result of the pandemic. Capital outlay increased \$2,238,070 or 67.4% as the City expends TSPLOST funding on various transportation related projects.

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Union City's Changes in Governmental Fund Balance August 31, 2021 and 2020

	2021	2020	\$ Change	% Change
Revenues				
Property taxes	\$ 16,627,532	\$ 13,218,821	\$ 3,408,711	25.79 %
Sales taxes	9,996,215	8,893,566	1,102,649	12.40
Other taxes	2,155,198	2,051,034	104,164	5.08
Charges for services	686,104	882,277	(196,173)	(22.23)
Licenses and permits	3,052,106	2,966,018	86,088	2.90
Intergovernmental	2,051,783	1,547,499	504,284	32.59
Franchise fees	1,478,829	1,569,209	(90,380)	(5.76)
Fines and forfeitures	296,972	684,401	(387,429)	(56.61)
Interest revenue	120,517	534,631	(414,114)	(77.46)
Rental income	45,390	24,780	20,610	83.17
Other revenue	200,233	106,008	94,225	88.88
Total revenues	<u>36,710,879</u>	<u>32,478,244</u>	<u>4,232,635</u>	<u>13.03</u>
Expenditures				
Current:				
General government	4,888,941	4,337,858	551,083	12.70
Judicial	438,288	446,479	(8,191)	(1.83)
Public safety	13,115,442	12,210,190	905,252	7.41
Public works	2,546,129	2,892,626	(346,497)	(11.98)
Parks and recreation	835,231	1,014,209	(178,978)	(17.65)
Planning and economic development	1,047,802	1,138,403	(90,601)	(7.96)
Capital outlay	5,558,749	3,320,679	2,238,070	67.40
Debt service				
Principal (net of refunding)	1,061,111	1,385,954	(324,843)	(23.44)
Interest	426,608	466,109	(39,501)	(8.47)
Total expenditures	<u>29,918,301</u>	<u>27,212,507</u>	<u>2,705,794</u>	<u>9.94</u>
Excess of revenues over expenditures	<u>6,792,578</u>	<u>5,265,737</u>	<u>1,526,841</u>	<u>29.00</u>
Other financing sources				
Financed purchases	181,536	-	181,536	-
Net transfers	(59,128)	(50,753)	(8,375)	16.50
Total other financing sources	<u>122,408</u>	<u>(50,753)</u>	<u>173,161</u>	<u>(341.18)</u>
Net change in fund balance	<u>\$ 6,914,986</u>	<u>\$ 5,214,984</u>	<u>\$ 1,700,002</u>	<u>32.60 %</u>

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

### **General Fund Budgetary Highlights**

The final budgets passed by the City Council anticipated \$22,490,155 of revenues and prior fiscal year surpluses of \$4,903,180 to cover expenditures of \$22,631,515 and net transfers out of \$4,761,820. Actual results were \$10,026,682 better than projected.

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 20.

- For the General Fund, the actual revenues were \$7,439,044 better than the final budget. Revenues were budgeted at \$22,490,155 and actual revenues were \$29,929,199. Property taxes were \$4,627,882 better than budgeted due to increases in property values and additional development. Sales taxes were \$1,264,236 better than budgeted as the budget did not anticipate the extent of the economic recovery from the pandemic. Other taxes and charges for services were \$483,836 and \$316,233 better than budgeted, respectively, as the City used a very conservative estimate for these revenue sources. Licenses and permits were \$980,606 better than budgeted due to significant new development and business activity in the City. Fines and forfeitures were \$400,028 less than budgeted due to penalties being assessed using community service as opposed to cash penalties.
- Actual expenditures of \$20,965,925 were \$1,665,590 less than the budgeted amount of \$22,631,515 as management continues to be very conservative in their budgeting. General government expenditures were \$717,734 better than budgeted as the City continues to use very conservative budgeting practices. Public safety expenditures were \$451,660 better than budgeted because of vacancies in the police and fire departments. Parks and recreation expenditures were \$246,229 better than budgeted and the City continues to limit services due to the pandemic.

### Capital Asset and Debt Administration

#### Capital Assets

The City has invested \$42,716,360 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous fiscal year are summarized below:

City of Union City's Capital Assets, net of Accumulated Depreciation  
August 31, 2021 and 2020

	Government Type		Business Type		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,026,496	\$ 1,008,556	\$ 493,194	\$ 493,194	\$ 1,519,690	\$ 1,501,750
Construction in progress	3,344,920	517,346	625,372	-	3,970,292	517,346
Buildings, grounds and improvements	11,156,382	11,322,948	8,430,551	7,949,444	19,586,933	19,272,392
Machinery and equipment	618,022	419,017	230,200	277,801	848,222	696,818
Infrastructure	11,149,420	11,165,881	877,425	862,498	12,026,845	12,028,379
Intangibles	-	-	2,939,405	3,364,378	2,939,405	3,364,378
Vehicles	1,757,475	1,491,669	67,498	81,005	1,824,973	1,572,674
Total	<u>\$ 29,052,715</u>	<u>\$ 25,925,417</u>	<u>\$ 13,663,645</u>	<u>\$ 13,028,320</u>	<u>\$ 42,716,360</u>	<u>\$ 38,953,737</u>

The detailed schedule of capital assets are reported in Note 5 of the financial statements. Total capital asset additions for 2021 were \$6,298,815 compared to \$3,513,362 in 2020.

# CITY OF UNION CITY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

At the end of the current fiscal year, the City had long-term debt related to governmental activities of \$9,663,412 and \$7,680,000 for business type activities. All debt is 100% backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources and Water and Sewer bonds are secured by related revenues.

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

<b>City of Union City's Outstanding Long-Term Liabilities</b>						
<b>August 31, 2021 and 2020</b>						
	<b>Government Type</b>		<b>Business Type</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General obligation						
bonds backed by						
property taxes	<b>\$ 9,520,000</b>	\$10,415,000	\$ -	\$ -	<b>\$ 9,520,000</b>	\$10,415,000
Revenue bonds	-	-	<b>7,680,000</b>	7,540,000	<b>7,680,000</b>	7,540,000
Financed purchases	<b>143,412</b>	127,987	-	-	<b>143,412</b>	127,987
	<b><u>\$ 9,663,412</u></b>	<b><u>\$10,542,987</u></b>	<b><u>\$ 7,680,000</u></b>	<b><u>\$ 7,540,000</u></b>	<b><u>\$17,343,412</u></b>	<b><u>\$18,082,987</u></b>

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

Union City, like most cities, has been hit hard by the pandemic. Due to uncertain economic conditions, the City will make very conservative budget forecasts. The City continues to benefit from its strategic location and this has led to the acquisition of several high profile companies including Proctor and Gamble, the Walmart Distribution E-commerce facility, Amazon, and Atlanta Metro Studios of Union City. Millage rates for property taxes were set at 13.197 mills for the fiscal year 2022.

### Contacting the City's Financial Management

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

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2021**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total Primary Government	South Fulton Municipal Regional Jail Authority	Union City Development Authority	Total Component Units
<b>ASSETS</b>						
Cash and cash equivalents	\$ 54,410,503	\$ 7,900,694	\$ 62,311,197	\$ -	\$ 152,499	\$ 152,499
Taxes receivable	1,680,072	-	1,680,072	-	-	-
Accounts receivable, net of allowances	158,421	2,669,317	2,827,738	-	-	-
Interest receivable	-	-	-	116,461	-	116,461
Due from other governments	1,806,386	-	1,806,386	-	-	-
Intergovernmental receivable from Fulton County	-	-	-	11,685,000	-	11,685,000
Inventory	16,720	28,185	44,905	-	-	-
Prepaid items	712,814	-	712,814	-	-	-
Restricted assets:						
Cash and cash equivalents	107,259	3,206,111	3,313,370	-	-	-
Capital assets:						
Nondepreciable	4,371,416	1,118,566	5,489,982	-	-	-
Depreciable, net of accumulated depreciation	24,681,299	12,545,079	37,226,378	-	-	-
Total assets	<u>87,944,890</u>	<u>27,467,952</u>	<u>115,412,842</u>	<u>11,801,461</u>	<u>152,499</u>	<u>11,953,960</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	3,138,530	162,673	3,301,203	-	-	-
Deferred charges on refunding	224,963	410,692	635,655	711,531	-	711,531
Total deferred outflows of resources	<u>3,363,493</u>	<u>573,365</u>	<u>3,936,858</u>	<u>711,531</u>	<u>-</u>	<u>711,531</u>
<b>LIABILITIES</b>						
Accounts payable	6,504,729	2,406,247	8,910,976	-	-	-
Accrued liabilities	508,885	38,925	547,810	-	-	-
Interest payable	-	-	-	116,461	-	116,461
Unearned revenues	3,817,712	-	3,817,712	-	62,500	62,500
Due to other governments	598,531	-	598,531	-	-	-
Customer deposits payable	-	1,260,889	1,260,889	-	-	-
Financed purchases due within one fiscal year	45,384	-	45,384	-	-	-
Financed purchases due in more than one year	98,028	-	98,028	-	-	-
Bonds payable due within one fiscal year	950,000	630,000	1,580,000	745,000	-	745,000
Bonds payable due in more than one fiscal year	9,292,493	7,050,000	16,342,493	10,940,000	-	10,940,000
Claims payable due within one fiscal year	158,454	-	158,454	-	-	-
Compensated absences due within one fiscal year	460,100	16,496	476,596	-	-	-
Net pension liability due in more than one fiscal year	8,586,525	445,050	9,031,575	-	-	-
Total liabilities	<u>31,020,841</u>	<u>11,847,607</u>	<u>42,868,448</u>	<u>11,801,461</u>	<u>62,500</u>	<u>11,863,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	329,579	17,082	346,661	-	-	-
Total deferred inflows of resources	<u>329,579</u>	<u>17,082</u>	<u>346,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	18,189,287	7,548,093	25,737,380	-	-	-
Restricted						
Law enforcement	980,783	-	980,783	-	-	-
Economic development	729,845	-	729,845	-	-	-
Emergency telephone operations	21,422	-	21,422	-	-	-
Debt service	122,515	586,945	709,460	711,531	-	711,531
Capital projects	12,918,962	-	12,918,962	-	-	-
Unrestricted	26,995,149	8,041,590	35,036,739	-	89,999	89,999
Total net position	<u>\$ 59,957,963</u>	<u>\$ 16,176,628</u>	<u>\$ 76,134,591</u>	<u>\$ 711,531</u>	<u>\$ 89,999</u>	<u>\$ 801,530</u>

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

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total
					Governmental Activities	Business-type Activities	Total	South Fulton Municipal Regional Jail Authority	Union City Development Authority	
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 5,271,243	\$ 2,251,846	\$ -	\$ -	\$ (3,019,397)	\$ -	\$ (3,019,397)	\$ -	\$ -	\$ -
Judicial	527,323	305,715	-	-	(221,608)	-	(221,608)	-	-	-
Public safety	13,742,563	67,997	1,775,969	-	(11,898,597)	-	(11,898,597)	-	-	-
Public works	3,094,858	865,389	-	541,082	(1,688,387)	-	(1,688,387)	-	-	-
Parks and recreation	1,199,207	24,544	-	-	(1,174,663)	-	(1,174,663)	-	-	-
Planning and economic development	1,053,596	565,080	-	-	(488,516)	-	(488,516)	-	-	-
Interest on long-term debt	442,139	-	-	-	(442,139)	-	(442,139)	-	-	-
Total governmental activities	25,330,929	4,080,571	1,775,969	541,082	(18,933,307)	-	(18,933,307)	-	-	-
Business-type activities:										
Water and Sewerage	8,134,362	9,032,895	-	-	-	898,533	898,533	-	-	-
Stormwater	250,294	931,658	-	-	-	681,364	681,364	-	-	-
Sanitation	1,696,069	2,018,537	-	-	-	322,468	322,468	-	-	-
Total business-type activities	10,080,725	11,983,090	-	-	-	1,902,365	1,902,365	-	-	-
Total primary government	\$ 35,411,654	\$ 16,063,661	\$ 1,775,969	\$ 541,082	(18,933,307)	1,902,365	(17,030,942)	-	-	-
<b>Component unit:</b>										
South Fulton Municipal Regional Jail Authority	\$ 222,347	\$ -	\$ -	\$ -	-	-	-	(222,347)	-	(222,347)
Union City Development Authority	10,014	-	-	-	-	-	-	-	(10,014)	(10,014)
Total component unit	\$ 222,347	\$ -	\$ -	\$ -	-	-	-	(222,347)	(10,014)	(222,347)
General revenues:										
Property taxes					17,849,492	-	17,849,492	-	-	-
Sales taxes					9,996,215	-	9,996,215	-	-	-
Insurance premium tax					1,551,377	-	1,551,377	-	-	-
Other taxes					603,822	-	603,822	-	-	-
Franchise taxes					1,478,829	-	1,478,829	-	-	-
Unrestricted investment earnings					98,356	6,545	104,901	116,461	8	116,469
Miscellaneous					200,233	-	200,233	-	-	-
Transfers					(59,128)	59,128	-	-	-	-
Total general revenues and transfers					31,719,196	65,673	31,784,869	116,461	8	116,469
Change in net position					12,785,889	1,968,038	14,753,927	(105,886)	(10,006)	(115,892)
Net position, beginning of fiscal year					47,172,074	14,208,590	61,380,664	817,417	100,005	917,422
Net position, end of fiscal year					\$ 59,957,963	\$ 16,176,628	\$ 76,134,591	\$ 711,531	\$ 89,999	\$ 801,530

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

**CITY OF UNION CITY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2021**

	General Fund	TSPLOST Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 32,481,649	\$ 11,441,215	\$ 3,786,301	\$ 3,362,437	\$ 3,338,901	\$ 54,410,503
Taxes receivable, net	1,626,650	-	-	-	53,422	1,680,072
Intergovernmental receivable	742,770	355,423	-	-	708,193	1,806,386
Accounts receivable	158,421	-	-	-	-	158,421
Inventory	16,720	-	-	-	-	16,720
Due from other funds	630,907	-	-	-	23,095	654,002
Prepaid items	530,042	-	-	-	182,772	712,814
Restricted cash	107,259	-	-	-	-	107,259
Total assets	<u>\$ 36,294,418</u>	<u>\$ 11,796,638</u>	<u>\$ 3,786,301</u>	<u>\$ 3,362,437</u>	<u>\$ 4,306,383</u>	<u>\$ 59,546,177</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,999,673	\$ 28,777	\$ -	\$ 673,709	\$ 802,570	\$ 6,504,729
Accrued liabilities	240,202	-	-	-	-	240,202
Unearned revenue	31,411	-	3,786,301	-	-	3,817,712
Due to others	578,790	-	-	-	19,741	598,531
Due to other funds	-	-	-	440,944	213,058	654,002
Total liabilities	<u>5,850,076</u>	<u>28,777</u>	<u>3,786,301</u>	<u>1,114,653</u>	<u>1,035,369</u>	<u>11,815,176</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	1,622,762	-	-	-	-	1,622,762
Unavailable revenue - intergovernmental revenues	-	-	-	-	508,194	508,194
Total deferred inflows of resources	<u>1,622,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,194</u>	<u>2,130,956</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	16,720	-	-	-	-	16,720
Prepaid items	530,042	-	-	-	182,772	712,814
Restricted for:						
Law enforcement	-	-	-	-	583,942	583,942
Economic development	-	-	-	-	729,845	729,845
Emergency telephone operations	-	-	-	-	21,422	21,422
Debt service	-	-	-	-	122,515	122,515
Capital projects	-	11,767,861	-	-	1,122,324	12,890,185
Assigned:						
Capital projects	-	-	-	2,247,784	-	2,247,784
Unassigned	28,274,818	-	-	-	-	28,274,818
Total fund balances	<u>28,821,580</u>	<u>11,767,861</u>	<u>-</u>	<u>2,247,784</u>	<u>2,762,820</u>	<u>45,600,045</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,294,418</u>	<u>\$ 11,796,638</u>	<u>\$ 3,786,301</u>	<u>\$ 3,362,437</u>	<u>\$ 4,306,383</u>	<u>\$ 59,546,177</u>

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



**CITY OF UNION CITY, GEORGIA**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**AUGUST 31, 2021**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 45,600,045
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Cost	\$ 51,964,351	
Less accumulated depreciation	<u>(22,911,636)</u>	29,052,715
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
Property taxes	\$ 1,622,762	
intergovernmental revenues	<u>508,194</u>	2,130,956
Deferred refunding charges are not financial resources and, therefore, are not reported in the governmental funds.		224,963
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.		
Net pension liability	\$ (8,586,525)	
Deferred outflows of resources - pension related items	3,138,530	
Deferred inflows of resources - pension related items	<u>(329,579)</u>	(5,777,574)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest	\$ (268,683)	
Financed purchases	(143,412)	
Bonds payable	(9,520,000)	
Premium	(722,493)	
Claims payable	(158,454)	
Compensated absences	<u>(460,100)</u>	(11,273,142)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 59,957,963</u></b>

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

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	General Fund	TSPLOST Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 16,627,532	\$ -	\$ -	\$ -	\$ -	\$ 16,627,532
Sales taxes	5,939,236	4,056,979	-	-	-	9,996,215
Other taxes	1,564,186	-	-	-	591,012	2,155,198
Charges for services	672,733	-	-	-	13,371	686,104
Licenses and permits	3,052,106	-	-	-	-	3,052,106
Intergovernmental	-	-	396,000	-	1,655,783	2,051,783
Franchise taxes	1,478,829	-	-	-	-	1,478,829
Fines and forfeitures	296,972	-	-	-	-	296,972
Interest	92,956	22,161	-	4,245	1,155	120,517
Rental income	45,390	-	-	-	-	45,390
Other revenues	159,259	-	-	-	40,974	200,233
Total revenues	<u>29,929,199</u>	<u>4,079,140</u>	<u>396,000</u>	<u>4,245</u>	<u>2,302,295</u>	<u>36,710,879</u>
<b>Expenditures</b>						
Current:						
General government	4,848,008	-	-	-	40,933	4,888,941
Judicial	438,288	-	-	-	-	438,288
Public safety	11,627,816	-	330,000	-	1,157,626	13,115,442
Public works	2,300,131	-	66,000	-	179,998	2,546,129
Parks and recreation	833,440	-	-	-	1,791	835,231
Planning and economic development	918,242	-	-	-	129,560	1,047,802
Capital outlay	-	2,549,975	-	2,653,028	355,746	5,558,749
Debt service:						
Principal	-	-	-	166,111	895,000	1,061,111
Interest	-	-	-	1,483	425,125	426,608
Total expenditures	<u>20,965,925</u>	<u>2,549,975</u>	<u>396,000</u>	<u>2,820,622</u>	<u>3,185,779</u>	<u>29,918,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,963,274</u>	<u>1,529,165</u>	<u>-</u>	<u>(2,816,377)</u>	<u>(883,484)</u>	<u>6,792,578</u>
<b>Other financing sources (uses)</b>						
Financed purchases	-	-	-	181,536	-	181,536
Transfers in	1,282,939	-	-	2,798,874	1,987,212	6,069,025
Transfers out	(5,122,711)	-	-	-	(1,005,442)	(6,128,153)
Total other financing sources (uses)	<u>(3,839,772)</u>	<u>-</u>	<u>-</u>	<u>2,980,410</u>	<u>981,770</u>	<u>122,408</u>
Net change in fund balances	5,123,502	1,529,165	-	164,033	98,286	6,914,986
<b>Fund balances, beginning of fiscal year</b>	<u>23,698,078</u>	<u>10,238,696</u>	<u>-</u>	<u>2,083,751</u>	<u>2,664,534</u>	<u>38,685,059</u>
<b>Fund balances, end of fiscal year</b>	<u>\$ 28,821,580</u>	<u>\$ 11,767,861</u>	<u>\$ -</u>	<u>\$ 2,247,784</u>	<u>\$ 2,762,820</u>	<u>\$ 45,600,045</u>

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

**CITY OF UNION CITY, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

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

Net change in fund balances - total governmental funds	\$	6,914,986
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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 capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 4,751,780	
Depreciation expense	<u>(1,607,370)</u>	3,144,410

The net effect of various miscellaneous transactions involving capital assets (disposals) is to decrease net position.

Disposal of capital assets	(17,112)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	\$ 1,221,960	
Intergovernmental revenue	<u>243,107</u>	1,465,067

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payment on financed purchases	\$ 166,111	
Financed purchases	(181,536)	
Bond principal payments	<u>895,000</u>	879,575

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.

Accrued interest	\$ (56,303)	
Compensated absences	112,223	
Pension expense	(229,644)	
Claims expense	531,915	
Amortization expense	<u>40,772</u>	<u>398,963</u>

Change in net position of governmental activities	\$	<u><u>12,785,889</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 11,999,650	\$ 11,999,650	\$ 16,627,532	\$ 4,627,882
Sales taxes	4,675,000	4,675,000	5,939,236	1,264,236
Other taxes	1,080,350	1,080,350	1,564,186	483,836
Charges for services	356,500	356,500	672,733	316,233
Licenses and permits	2,071,500	2,071,500	3,052,106	980,606
Franchise taxes	1,248,395	1,248,395	1,478,829	230,434
Fines and forfeitures	697,000	697,000	296,972	(400,028)
Interest	255,000	255,000	92,956	(162,044)
Rental income	45,050	45,050	45,390	340
Other revenues	61,710	61,710	159,259	97,549
Total revenues	22,490,155	22,490,155	29,929,199	7,439,044
<b>Expenditures</b>				
<b>Current</b>				
<b>General government:</b>				
City clerk	608,940	763,355	412,452	350,903
Finance	716,645	716,645	715,923	722
City administrator	718,110	718,110	651,074	67,036
Mayor and council	386,193	386,193	339,035	47,158
Human resources	659,021	659,021	536,930	122,091
Operations	2,476,833	2,322,418	2,192,594	129,824
Total general government	5,565,742	5,565,742	4,848,008	717,734
<b>Judicial:</b>				
Municipal court	553,625	553,625	438,288	115,337
<b>Public safety:</b>				
Police	7,207,011	7,207,011	6,655,073	551,938
Fire	4,872,465	4,872,465	4,972,743	(100,278)
Total public safety	12,079,476	12,079,476	11,627,816	451,660
<b>Public works:</b>				
Buildings and grounds	2,392,289	2,392,289	2,300,131	92,158
<b>Planning and economic development</b>	960,714	960,714	918,242	42,472
<b>Parks and recreation</b>	1,079,669	1,079,669	833,440	246,229
Total expenditures	22,631,515	22,631,515	20,965,925	1,665,590
Excess (deficiency) of revenues over(under) expenditures	(141,360)	(141,360)	8,963,274	9,104,634
<b>Other financing sources (uses)</b>				
Transfers in	651,296	651,296	1,282,939	631,643
Transfers out	(5,413,116)	(5,413,116)	(5,122,711)	290,405
Total other financing uses, net	(4,761,820)	(4,761,820)	(3,839,772)	922,048
Net change in fund balances	\$ (4,903,180)	\$ (4,903,180)	5,123,502	\$ 10,026,682
<b>Fund balance, beginning of fiscal year</b>			23,698,078	
<b>Fund balance, ending of fiscal year</b>			<u>\$ 28,821,580</u>	

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

**CITY OF UNION CITY, GEORGIA**  
**ARPA FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 4,182,300	\$ 396,000	\$ (3,786,300)
Total revenues	<u>-</u>	<u>4,182,300</u>	<u>396,000</u>	<u>(3,786,300)</u>
<b>EXPENDITURES</b>				
Public safety	-	-	330,000	(330,000)
Public works	-	-	66,000	(66,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>396,000</u>	<u>(396,000)</u>
Excess of revenues over expenditures	-	4,182,300	-	(4,182,300)
Net change in fund balance	-	4,182,300	-	(4,182,300)
<b>FUND BALANCES, beginning of fiscal year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ -</u>	<u>\$ 4,182,300</u>	<u>\$ -</u>	<u>\$ (4,182,300)</u>

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

# CITY OF UNION CITY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2021

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Sanitation Fund	Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 5,591,319	\$ 1,094,430	\$ 1,214,945	\$ 7,900,694
Accounts receivable, net	1,939,573	372,629	357,115	2,669,317
Inventory	28,185	-	-	28,185
Restricted assets				
Cash and cash equivalents	3,206,111	-	-	3,206,111
Total current assets	<u>10,765,188</u>	<u>1,467,059</u>	<u>1,572,060</u>	<u>13,804,307</u>
<b>NON-CURRENT ASSETS</b>				
Capital assets				
Nondepreciable	493,194	625,372	-	1,118,566
Depreciable, net of accumulated depreciation	11,357,827	1,187,252	-	12,545,079
Total non-current assets	<u>11,851,021</u>	<u>1,812,624</u>	<u>-</u>	<u>13,663,645</u>
Total assets	<u>22,616,209</u>	<u>3,279,683</u>	<u>1,572,060</u>	<u>27,467,952</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	162,673	-	-	162,673
Loss on refunding	410,692	-	-	410,692
Total deferred outflows of resources	<u>573,365</u>	<u>-</u>	<u>-</u>	<u>573,365</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	1,841,373	204,455	360,419	2,406,247
Accrued liabilities	9,694	-	-	9,694
Compensated absences	16,496	-	-	16,496
Payables from restricted assets:				
Customer deposits payable	1,260,889	-	-	1,260,889
Revenue bonds payable - current portion	630,000	-	-	630,000
Accrued interest on bonds payable	29,231	-	-	29,231
Total current liabilities	<u>3,787,683</u>	<u>204,455</u>	<u>360,419</u>	<u>4,352,557</u>
<b>NON-CURRENT LIABILITIES</b>				
Revenue bonds payable - net of unamortized discounts and current portion	7,050,000	-	-	7,050,000
Net pension liability	445,050	-	-	445,050
Total non-current liabilities	<u>7,495,050</u>	<u>-</u>	<u>-</u>	<u>7,495,050</u>
Total liabilities	<u>11,282,733</u>	<u>204,455</u>	<u>360,419</u>	<u>11,847,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	17,082	-	-	17,082
Total deferred inflows of resources	<u>17,082</u>	<u>-</u>	<u>-</u>	<u>17,082</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,735,469	1,812,624	-	7,548,093
Restricted				
Debt service	586,945	-	-	586,945
Unrestricted	5,567,345	1,262,604	1,211,641	8,041,590
Total net position	<u>\$ 11,889,759</u>	<u>\$ 3,075,228</u>	<u>\$ 1,211,641</u>	<u>\$ 16,176,628</u>

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

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Sanitation Fund	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,251,293	\$ 931,658	\$ 1,924,206	\$ 11,107,157
Tap fees	150,755	-	-	150,755
Other charges	630,847	-	94,331	725,178
Total operating revenues	<u>9,032,895</u>	<u>931,658</u>	<u>2,018,537</u>	<u>11,983,090</u>
<b>OPERATING EXPENSES</b>				
Water purchases	2,640,379	-	-	2,640,379
Personnel costs	560,237	-	-	560,237
Purchased or contracted services	2,166,745	156,656	1,696,069	4,019,470
Depreciation expense	818,072	93,638	-	911,710
Total operating expenses	<u>6,185,433</u>	<u>250,294</u>	<u>1,696,069</u>	<u>8,131,796</u>
Operating income	2,847,462	681,364	322,468	3,851,294
<b>NON-OPERATING INCOME (EXPENSES)</b>				
Interest income	6,545	-	-	6,545
Interest expense	(329,733)	-	-	(329,733)
Intergovernmental agreement	(1,619,196)	-	-	(1,619,196)
Total non-operating expenses, net	<u>(1,942,384)</u>	<u>-</u>	<u>-</u>	<u>(1,942,384)</u>
Income before transfers	905,078	681,364	322,468	1,908,910
<b>TRANSFERS</b>				
Transfers in	336,625	-	-	336,625
Transfers out	-	(140,348)	(137,149)	(277,497)
Total transfers	<u>336,625</u>	<u>(140,348)</u>	<u>(137,149)</u>	<u>59,128</u>
Change in net position	1,241,703	541,016	185,319	1,968,038
<b>NET POSITION, beginning of fiscal year</b>	<u>10,648,056</u>	<u>2,534,212</u>	<u>1,026,322</u>	<u>14,208,590</u>
<b>NET POSITION, end of fiscal year</b>	<u>\$ 11,889,759</u>	<u>\$ 3,075,228</u>	<u>\$ 1,211,641</u>	<u>\$ 16,176,628</u>

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

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Sanitation Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 8,667,096	\$ 858,631	\$ 1,971,389	\$ 11,497,116
Payments to suppliers	(4,102,074)	(144,714)	(1,469,601)	(5,716,389)
Payments to employees	(523,565)	-	-	(523,565)
Net cash provided by operating activities	<u>4,041,457</u>	<u>713,917</u>	<u>501,788</u>	<u>5,257,162</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Payments on intergovernmental agreement	(1,619,196)	-	-	(1,619,196)
Transfers in	336,625	-	-	336,625
Transfers out	-	(140,348)	(137,149)	(277,497)
Net cash used in non-capital financing activities	<u>(1,282,571)</u>	<u>(140,348)</u>	<u>(137,149)</u>	<u>(1,560,068)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(874,206)	(672,829)	-	(1,547,035)
Proceeds from issuance of bonds	7,680,000	-	-	7,680,000
Payment to refunding escrow agent	(7,918,495)	-	-	(7,918,495)
Interest and closing cost paid	(309,807)	-	-	(309,807)
Net cash used in capital and related financing activities	<u>(1,422,508)</u>	<u>(672,829)</u>	<u>-</u>	<u>(2,095,337)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	6,545	-	-	6,545
Net cash provided by investing activities	<u>6,545</u>	<u>-</u>	<u>-</u>	<u>6,545</u>
Change in cash and cash equivalents	1,342,923	(99,260)	364,639	1,608,302
<b>Cash and cash equivalents:</b>				
Beginning of fiscal year	<u>7,454,507</u>	<u>1,193,690</u>	<u>850,306</u>	<u>9,498,503</u>
End of fiscal year	<u>\$ 8,797,430</u>	<u>\$ 1,094,430</u>	<u>\$ 1,214,945</u>	<u>\$ 11,106,805</u>
<b>Classified as:</b>				
Cash and cash equivalents	\$ 5,591,319	1,094,430	\$ 1,214,945	\$ 7,900,694
Restricted assets, cash	3,206,111	-	-	3,206,111
	<u>\$ 8,797,430</u>	<u>\$ 1,094,430</u>	<u>\$ 1,214,945</u>	<u>\$ 11,106,805</u>

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



**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	Water and Sewerage Fund	Stormwater Fund	Nonmajor Sanitation Fund	Totals
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 2,847,462	\$ 681,364	\$ 322,468	\$ 3,851,294
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	818,072	93,638	-	911,710
Changes in assets, deferred outflows/inflows of resources, and liabilities:				
Increase in accounts receivable	(365,799)	(73,027)	(47,148)	(485,974)
Increase in inventory	(2,458)	-	-	(2,458)
Increase in deferred outflows from pension	(19,891)	-	-	(19,891)
Increase in accounts payable	705,159	11,942	226,468	943,569
Increase in accrued liabilities	2,349	-	-	2,349
Increase in customer deposits	27,280	-	-	27,280
Decrease in compensated absences	(2,543)	-	-	(2,543)
Increase in net pension liability	30,576	-	-	30,576
Increase in deferred inflows from pension	1,250	-	-	1,250
Net cash provided by operating activities	<u>\$ 4,041,457</u>	<u>\$ 713,917</u>	<u>\$ 501,788</u>	<u>\$ 5,257,162</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. The Financial Reporting Entity

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

Based upon criteria set forth by GASB Statement 14 and as amended by GASB Statement 39 and 61, the City was determined to have the following component units as of August 31, 2021:

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

**Union City Development Authority (the “Development Authority”).** The Development Authority was established for the purposes of attracting development, industry, and employment opportunities to the City and to promote the general welfare of the State of Georgia by creating a climate favorable to the location of new industry, trade, and commerce and the development of existing industry, trade, and commerce within the City. The Board is comprised of six (6) members who are appointed by the Mayor and City Council. While there is a financial benefit or burden relationship as the City has provided support to the Development Authority, the Development Authority intends to issue debt on behalf of 3<sup>rd</sup> parties and will be collecting a fee to do so. It will not be functioning as a financing entity exclusively for the benefit of the City but rather for the community as a whole. Therefore, the Development Authority is reported in the City's financial statements as a proprietary type discretely presented component unit. Separate financial statements for the Development Authority are not prepared.

## 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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

## 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)

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

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 **T-SPLOST Fund** accounts for proceeds of the Transportation Special Purpose Local Option Sales Tax. Funds are used for various transportation projects within the City.

The **ARPA Fund** accounts for grant funding received by the City under the American Rescue Plan Act of 2021.

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

## 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)

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

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

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

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

#### D. Budgets and Budgetary Accounting

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

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council at the annual retreat.
3. Public hearings on the proposed budget are held in May and June.
4. The budget is legally adopted by the Mayor and City Council prior to August 31.

## NOTES TO FINANCIAL STATEMENTS

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

#### D. Budgets and Budgetary Accounting (Continued)

5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$250,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any fund must be approved by the City Council.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with GAAP.

A budget was not adopted for the Capital Grants Fund, the General Obligation Bond Capital Projects Fund, and the 2010 General Obligation Bond Debt Service Fund due to the City's anticipation that there would not be any revenues or expenditures relating to these funds during the fiscal year.

The following funds had the following departments and transfers out with excess of actual expenditures or transfers out over appropriations as of August 31, 2021:

General Fund:	
Public safety - Fire	\$ 100,278
ARPA Fund:	
Public safety	330,000
Public works	66,000
Hotel/Motel Tax Fund:	
Economic development	30,360
Transfers out	45,539
Multiple Operating Grant Fund:	
Transfers out	586,103
Capital Projects Fund:	
Debt service principal	38,154
CDBG Fund:	
Capital outlay	30,717

These over expenditures and transfers out were funded by greater than anticipated revenues and by available fund balance.

## NOTES TO FINANCIAL STATEMENTS

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

#### E. Cash and Cash Equivalents

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

#### F. Deposits and Investments

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

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

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

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

#### G. Prepaid Items

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



## NOTES TO FINANCIAL STATEMENTS

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

#### H. Short-Term Interfund Receivables/Payables

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

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

#### I. Grants from Other Governments

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

#### J. Capital Assets

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### J. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

	<u>Years</u>
Buildings, grounds, and improvements	15-40
Machinery and equipment	3-10
Infrastructure	15-50
Vehicles	5-10
Distribution system	50
Waterwaste treatment capacity	50

#### K. Long-Term Liabilities

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

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

#### L. Deferred Outflows/Inflows of Resources

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

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Deferred Outflows/Inflows of Resources (Continued)

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

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

#### M. Inventories

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

#### N. Compensated Absences

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

## NOTES TO FINANCIAL STATEMENTS

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

#### O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Project Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2021, there were no encumbrances outstanding.

#### P. Fund Equity

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### P. Fund Equity (Continued)

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

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

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

#### Q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, 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.

#### R. Tax Abatement Programs

Fulton County, Georgia enters into tax abatement programs with local businesses for the purpose of attracting and retaining business within their jurisdictions. The tax abatements can be granted to any business located within the County. These tax abatement programs are issued on a case by case basis for individual businesses.

During the fiscal year ended August 31, 2021, the City's ad valorem tax revenues were reduced by \$940,277 under other government agreements for tax abatements entered into by Fulton County, Georgia.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2021, are summarized as follows:

As reported in the Statement of Net Position

Primary government

Cash and cash equivalents	\$ 62,311,197
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Restricted Assets:

Cash and cash equivalents	3,313,370
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Component units - cash and cash equivalents	152,499
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	<u>\$ 65,777,066</u>
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Cash deposited with financial institutions	\$ 65,659,894
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Cash deposited with Georgia Fund 1	117,172
------------------------------------	---------

	<u>\$ 65,777,066</u>
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Georgia Fund 1 is reported as restricted cash equivalent as of August 31, 2021.

**Credit Risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2021, the City's investment in Georgia Fund 1 was rated AA+ by Fitch and the weighted average maturity was 35 days.

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

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 investment in the Georgia Fund 1 within the fair value hierarchy.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2021, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

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

### NOTE 3. RECEIVABLES

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

	General	TSPLOST Fund	Nonmajor Governmental	Water and Sewerage	Stormwater	Nonmajor Sanitation
Receivables:						
Taxes	\$ 2,368,933	\$ -	\$ 53,422	\$ -	\$ -	\$ -
Accounts	158,421	-	-	2,961,904	529,912	460,645
Intergovernmental	742,770	355,423	708,193	-	-	-
Gross receivables	3,270,124	355,423	761,615	2,961,904	529,912	460,645
Less allowance	(742,283)	-	-	(1,022,331)	(157,283)	(103,530)
Net receivables	<u>\$ 2,527,841</u>	<u>\$ 355,423</u>	<u>\$ 761,615</u>	<u>\$ 1,939,573</u>	<u>\$ 372,629</u>	<u>\$ 357,115</u>

### Property Taxes

Property taxes were levied on September 19, 2020 based upon property values assessed as of January 1. The billings were mailed on September 23, 2020, and were payable on or before November 25, 2020, after which the applicable property is subject to lien and penalties and interest are assessed. The City bills and collects its own property taxes. Property taxes levied for 2021 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2021 and collected by October 31, 2021, are recognized as revenues in the year ended August 31, 2021. Net receivables estimated to be collected subsequent to October 31, 2021, are deferred as of August 31, 2021, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually. The tax rate levied during fiscal year 2020 for the City's operations was 14.952 mills (mill equals \$1 per thousand dollars of assessed value).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. RECEIVABLES (CONTINUED)

#### Component Units – Intergovernmental Receivable

In October 2018, in conjunction with the issuance of the Series 2018 Bond, the South Fulton Municipal Regional Jail Authority entered into an intergovernmental contract with Fulton County in which Fulton County unconditionally agreed to make debt payments on behalf of the Authority in an amount equal to the debt service requirements of the Series 2018 Bond. These payments and the intergovernmental contract are pledged to the payment of the principal and interest on the Series 2018 Bond.

The estimated annual payments to be paid by Fulton County on behalf of the Authority under this intergovernmental contract as of August 31, 2021 are as follows:

<b>Fiscal Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 745,000	\$ 338,244	\$ 1,083,244
2023	765,000	315,669	1,080,669
2024	790,000	292,422	1,082,422
2025	815,000	268,427	1,083,427
2026	845,000	128,122	973,122
2027-2031	4,600,000	819,410	5,419,410
2032-2034	3,125,000	142,299	3,267,299
	<u>\$ 11,685,000</u>	<u>\$ 2,304,593</u>	<u>\$ 13,989,593</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the fiscal year ended August 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,008,556	\$ 17,940	\$ -	\$ -	\$ 1,026,496
Construction in progress	517,346	3,284,320	-	(456,746)	3,344,920
Total capital assets, not being depreciated	<u>1,525,902</u>	<u>3,302,260</u>	<u>-</u>	<u>(456,746)</u>	<u>4,371,416</u>
Capital assets, being depreciated:					
Buildings, grounds and improvements	17,870,063	327,901	-	-	18,197,964
Machinery and equipment	1,495,921	305,863	-	-	1,801,784
Infrastructure	20,327,602	17,335	-	456,746	20,801,683
Vehicles	6,045,168	798,421	(52,085)	-	6,791,504
Total capital assets, being depreciated	<u>45,738,754</u>	<u>1,449,520</u>	<u>(52,085)</u>	<u>456,746</u>	<u>47,592,935</u>
Less accumulated depreciation for:					
Buildings, grounds and improvements	(6,547,115)	(494,467)	-	-	(7,041,582)
Machinery and equipment	(1,076,904)	(106,858)	-	-	(1,183,762)
Infrastructure	(9,161,721)	(490,542)	-	-	(9,652,263)
Vehicles	(4,553,499)	(515,503)	34,973	-	(5,034,029)
Total accumulated depreciation	<u>(21,339,239)</u>	<u>(1,607,370)</u>	<u>34,973</u>	<u>-</u>	<u>(22,911,636)</u>
Total capital assets, being depreciated, net	<u>24,399,515</u>	<u>(157,850)</u>	<u>(17,112)</u>	<u>456,746</u>	<u>24,681,299</u>
Governmental activities capital assets, net	<u>\$ 25,925,417</u>	<u>\$ 3,144,410</u>	<u>\$ (17,112)</u>	<u>\$ -</u>	<u>\$ 29,052,715</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 493,194	\$ -	\$ -	\$ -	\$ 493,194
Construction in progress	-	625,372	-	-	625,372
Total capital assets, not being depreciated	493,194	625,372	-	-	1,118,566
Capital assets, being depreciated:					
Distribution system	18,757,841	874,206	-	-	19,632,047
Machinery and equipment	491,523	-	-	-	491,523
Infrastructure	1,214,979	47,457	-	-	1,262,436
Wastewater treatment capacity	6,374,612	-	-	-	6,374,612
Vehicles	312,680	-	-	-	312,680
Total capital assets, being depreciated	27,151,635	921,663	-	-	28,073,298
Less accumulated depreciation for:					
Distribution system	(10,808,397)	(393,099)	-	-	(11,201,496)
Machinery and equipment	(213,722)	(47,601)	-	-	(261,323)
Infrastructure	(352,481)	(32,530)	-	-	(385,011)
Wastewater treatment capacity	(3,010,234)	(424,973)	-	-	(3,435,207)
Vehicles	(231,675)	(13,507)	-	-	(245,182)
Total accumulated depreciation	(14,616,509)	(911,710)	-	-	(15,528,219)
Total capital assets, being depreciated, net	12,535,126	9,953	-	-	12,545,079
Business-type activities capital assets, net	<u>\$ 13,028,320</u>	<u>\$ 635,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,663,645</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

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

Governmental activities:	
General government	\$ 103,411
Judicial	87,017
Public safety	547,256
Public works	520,201
Parks and recreation	349,485
Total depreciation expense - governmental activities	<u>\$ 1,607,370</u>
Business-type activities:	
Water and sewerage	\$ 818,072
Stormwater	93,638
Total depreciation expense -business-type activities	<u>\$ 911,710</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. GENERAL LONG-TERM DEBT

#### A. General Obligation Bonds

In 2014, the City issued \$8,650,000 of General Obligation Bonds for the purpose of refunding the 2006 Series General Obligation Bonds. The bonds were called and paid in full in April 2016, and no balance is outstanding for the 2006 General Obligation Bonds as of August 31, 2021. The refunding resulted in a deferred loss of \$522,497, which is being amortized over the life of the 2014 Series, with the current balance being \$224,963 as of August 31, 2021. The 2014 Series Bonds were issued with interest rates of 2.0%-4.0% and are payable on April 1 and October 1 each year, maturing on April 1, 2026. As of August 31, 2021, the total principal outstanding is \$4,755,000.

In 2017, the City issued \$5,000,000 of General Obligation Bonds for the acquisition, construction, and equipping of a community center. The Bonds were issued with interest rates of 2.0%-5.0% and are payable on April 1 and October 1 each year, maturing on April 1, 2046. As of August 31, 2021, the total principal outstanding is \$4,765,000.

General Obligation Bonds are direct obligations and pledged by the full faith and credit of the City. These Bonds generally are issued as 25-year serial bonds with equal amounts of principal maturing each year. Annual debt service requirements to maturity for General Obligation Bonds are as follows:

<b>Fiscal Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 950,000	\$ 395,675	\$ 1,345,675
2023	990,000	365,475	1,355,475
2024	1,045,000	339,600	1,384,600
2025	1,090,000	306,350	1,396,350
2026	1,165,000	261,700	1,426,700
2027-2031	655,000	914,000	1,569,000
2032-2036	875,000	844,375	1,719,375
2037-2041	915,000	604,250	1,519,250
2042-2046	1,835,000	336,000	2,171,000
	<u>\$ 9,520,000</u>	<u>\$ 4,367,425</u>	<u>\$ 13,887,425</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. GENERAL LONG-TERM DEBT (CONTINUED)

#### B. Revenue Bonds

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

The City's 2012 Water and Sewerage Revenue Bonds were issued in April 2012 for the purpose of: a) making certain additions, extensions and improvements to the City's water system; b) funding a debt service reserve for the bonds; and c) paying the cost of issuing the bonds. The Bonds are Special Limited Obligations of the City secured by and payable solely from a first lien on and pledge of revenues derived by the City from the ownership and operation of the City's water system. These bonds were refunded by the series 2021 B bonds discussed below.

On March 31, 2021, the City issued Series 2021A revenue bonds for \$1,020,000 and Series 2021B revenue bonds for \$6,660,000. The Series 2021A bonds were issued to fund additional water and sewer infrastructure and the Series 2021B bonds were issued to refund the remaining outstanding 2012 water and sewer bonds. The Series 2021A bonds carry an interest rate of 1.72% with annual principal payments and semiannual interest payments beginning on July 1, 2021 and maturing on July 1, 2031. The Series 2021B bonds carry an interest rate ranging from 3.00% to 4.00% with annual principal payments and semiannual interest payments beginning on July 1, 2021 and maturing on July 1, 2032. The net proceeds from the Series 2021B Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$1,678,046 and a present value savings, or economic gain, of \$1,536,210. The refunded bonds are considered defeased and thus the assets in the trust fund along with the \$7,015,000 in outstanding refunded bonds at August 31, 2021 are not reported in the City's financial statements.

Revenue bonds outstanding at August 31, 2021, are as follows:

	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance August 31, 2021</u>
2021 Series A Revenue Bonds	\$ 1,020,000	1.72%	\$ 1,020,000
2021 Series B Revenue Bonds	<u>6,660,000</u>	3.00-4.00%	<u>6,660,000</u>
	<u>\$ 7,680,000</u>		<u>\$ 7,680,000</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. GENERAL LONG-TERM DEBT (CONTINUED)

#### B. Revenue Bonds (continued)

Annual debt service requirements to maturity for 2021 A&B revenue bonds are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2022	\$ 95,000	\$ 17,544	\$ 112,544
2023	95,000	15,910	110,910
2024	95,000	14,276	109,276
2025	100,000	12,642	112,642
2026	100,000	10,922	110,922
2027-2031	535,000	27,864	562,864
	<u>\$ 1,020,000</u>	<u>\$ 99,158</u>	<u>\$ 1,119,158</u>

Fiscal Year Ending August 31,	Principal	Interest	Total
2022	\$ 535,000	\$ 157,842	\$ 692,842
2023	550,000	145,163	695,163
2024	565,000	132,128	697,128
2025	575,000	118,737	693,737
2026	590,000	105,109	695,109
2027-2031	3,165,000	309,048	3,474,048
2032	680,000	16,116	696,116
	<u>\$ 6,660,000</u>	<u>\$ 984,143</u>	<u>\$ 7,644,143</u>

#### C. Financed Purchases – Direct Placement

During 2021, the City entered into a financed purchase agreement with a local financial institution to finance the purchase of equipment and vehicles. Monthly payments are due in the amount of \$3,782 with zero percent interest through April 2025. The agreements qualify as financed purchases for accounting purposes (titles transfer at the end of the agreement). As of August 31, 2021, the principal amount outstanding is \$143,412.

As of August 31, 2021, the City reflects a total cost of assets under the financed purchase agreement of \$181,536 and accumulated depreciation of \$23,773.

Annual debt service requirements to maturity for financed purchases are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2022	\$ 45,384	\$ -	\$ 45,384
2023	45,384	-	45,384
2024	45,384	-	45,384
2025	7,260	-	7,260
	<u>\$ 143,412</u>	<u>\$ -</u>	<u>\$ 143,412</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. GENERAL LONG-TERM DEBT (CONTINUED)

#### D. Changes in Long-Term Liabilities – Primary Government

Long-term liability activity for the year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 10,415,000	\$ -	\$ (895,000)	\$ 9,520,000	\$ 950,000
Plus: Premium	806,807	-	(84,314)	722,493	-
	<u>11,221,807</u>	<u>-</u>	<u>(979,314)</u>	<u>10,242,493</u>	<u>950,000</u>
Financed purchases	127,987	181,536	(166,111)	143,412	45,384
Net pension liability	7,997,523	3,647,222	(3,058,220)	8,586,525	-
Claims payable	690,369	306,203	(838,118)	158,454	158,454
Compensated absences	<u>572,323</u>	<u>686,057</u>	<u>(798,280)</u>	<u>460,100</u>	<u>460,100</u>
Governmental activity Long-term liabilities	<u>\$ 20,610,009</u>	<u>\$ 4,821,018</u>	<u>\$ (5,840,043)</u>	<u>\$ 19,590,984</u>	<u>\$ 1,613,938</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 7,540,000	\$ 7,680,000	\$ (7,540,000)	\$ 7,680,000	\$ 630,000
Less: Discount	(67,706)	-	67,706	-	-
Total bonds payable	<u>7,472,294</u>	<u>7,680,000</u>	<u>(7,472,294)</u>	<u>7,680,000</u>	<u>630,000</u>
Net pension liability	414,474	191,535	(160,959)	445,050	-
Compensated absences	<u>19,040</u>	<u>21,793</u>	<u>(24,337)</u>	<u>16,496</u>	<u>16,496</u>
Business-type activity Long-term liabilities	<u>\$ 7,905,808</u>	<u>\$ 7,893,328</u>	<u>\$ (7,657,590)</u>	<u>\$ 8,141,546</u>	<u>\$ 646,496</u>

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

#### E. Component Units

In October 2018, the South Fulton Municipal Regional Jail Authority issued Taxable Refunding Revenue Bonds, Series 2018 for the purposes of: 1) refunding the Authority's previously issued Taxable Refunding Revenue Bonds, Series 2012, 2) paying the costs of issuing the 2018 Series Bonds, and 3) to assist in the sale of the jail to Fulton County, Georgia. The issue price of the 2018 Series Bond was less than the reacquisition price of the refunded Series 2012 Bond resulting in a deferred loss on refunding of \$928,472. This deferred loss will be amortized over the remaining life of the refunded bonds using the effective interest method. The difference in the present value of the old debt requirements and the present value of the new debt requirements, discounted at the effective interest rate resulted in an economic loss of \$250,000. The revenue bonds were issued with an interest rate of 3.65% and are payable on November 1 and May 1, maturing on November 1, 2023. As of August 31, 2021, the principal outstanding is \$11,685,000.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. GENERAL LONG-TERM DEBT (CONTINUED)

#### E. Component Units (continued)

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

<b>Fiscal Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 745,000	\$ 338,244	\$ 1,083,244
2023	765,000	315,669	1,080,669
2024	790,000	292,422	1,082,422
2025	815,000	268,427	1,083,427
2026	845,000	128,122	973,122
2027-2031	4,600,000	819,410	5,419,410
2032-2035	3,125,000	142,299	3,267,299
	<u>\$ 11,685,000</u>	<u>\$ 2,304,593</u>	<u>\$ 13,989,593</u>

Long-term liability activity for the Authority for the fiscal year ended August 31, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Fiscal Year</b>
<b>Component units:</b>					
Revenue bonds	<u>\$ 12,405,000</u>	<u>\$ -</u>	<u>\$ (720,000)</u>	<u>\$ 11,685,000</u>	<u>\$ 745,000</u>

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. DEFINED BENEFIT PENSION PLAN

#### Plan Description

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

*Plan Membership.* As of January 1, 2021, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	90
Vested terminated employees	127
Active members	<u>186</u>
	<u>403</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Plan Description (Continued)

*Contributions.* The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the fiscal year ended August 31, 2021, the City's contribution rate was 14.15% of annual payroll. City contributions to the Plan were \$1,253,831 for the fiscal year ended August 31, 2021.

#### Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

*Actuarial assumptions.* The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	3.00% - 8.50%, net of inflation
Net Investment rate of return	7.375%

Mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019 conducted by Segal in November and December of 2019.

The cost of living adjustment is assumed to be 2.10%.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. 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, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Domestic equity	45%	6.40%
International Equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Cash	0%	
Total	100%	

\*Rates shown are net of the 2.25% assumed rate of inflation

*Discount Rate.* The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (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 fiscal year ended August 31, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at August 31, 2020</b>	<b>\$ 28,186,009</b>	<b>\$ 19,774,012</b>	<b>\$ 8,411,997</b>
<i>Changes for the fiscal year:</i>			
Service cost	434,509	-	434,509
Interest cost	2,061,758	-	2,061,758
Differences between expected and actual experiences	1,297,812	-	1,297,812
Contributions - employer	-	1,309,403	(1,309,403)
Net investment income	-	1,909,776	(1,909,776)
Benefit payments, including refunds of employee contributions	(1,328,951)	(1,328,951)	-
Administrative expense	-	(44,678)	44,678
<i>Net changes</i>	<u>2,465,128</u>	<u>1,845,550</u>	<u>619,578</u>
<b>Balances at August 31, 2021</b>	<b><u>\$ 30,651,137</u></b>	<b><u>\$ 21,619,562</u></b>	<b><u>\$ 9,031,575</u></b>

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Net pension liability	\$ 13,185,396	\$ 9,031,575	\$ 5,591,370

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, 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 fiscal year ended August 31, 2021, the City recognized pension expense of \$1,599,355. At August 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,774,497	\$ 96,443
Changes in assumptions	272,875	-
Net difference between projected and actual earnings on pension plan investments	-	250,218
City contributions subsequent to the measurement date	1,253,831	-
	<u>\$ 3,301,203</u>	<u>\$ 346,661</u>

City contributions subsequent to the measurement date of \$1,253,831 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending August 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a component of pension expense as follows:

<b>Fiscal year ending August 31,</b>	
2022	\$ 534,949
2023	850,290
2024	406,234
2025	(90,762)
	<u>\$ 1,700,711</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. DEFINED CONTRIBUTION PLAN

The City offers its employees a defined contribution plan administered by Citistreet Associates created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional and requires the City to contribute an amount equal to 100% up to the first 2% an employee defers, 75% of the next 2%, and 50% of the next 6% deferred. Employers' contributions are fully vested after the participant completes three full years of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Pursuant to GASB Statement Number 32 of the *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements. Contributions are established and may be amended by the City Council. The City's contribution to the Plan approximated \$212,050 and the employees' contributions approximated \$333,870 for the fiscal year ended August 31, 2021.

### NOTE 8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of August 31, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 417,849
General Fund	Nonmajor Governmental Funds	213,058
Nonmajor Governmental Funds	Capital Projects Fund	23,095
		<u>\$ 654,002</u>

Interfund receivables and payables result from timing differences related to collection of taxes in Special Revenue Funds and payroll and other fiscal year-end transactions, which normally clear within one to two months.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the fiscal year ended August 31, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,005,442
General Fund	Stormwater Fund	140,348
General Fund	Nonmajor Sanitation Fund	137,149
		<u>\$ 1,282,939</u>
Capital Projects Fund	General Fund	\$ 2,798,874
Nonmajor Governmental Funds	General Fund	1,987,212
Water and Sewer Fund	General Fund	336,625
		<u>\$ 5,122,711</u>

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

### NOTE 9. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2021, \$323,899 of hotel/motel tax was collected. Of the total collected in the current and prior fiscal years, \$129,560 was used for the promotion of tourism within the City. The remainder of the funds collected in the current and prior fiscal years remains unspent at fiscal year-end.

### NOTE 10. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the O.C.G.A §48-13-93. The code section requires the City to spend the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc. and promoting the City and businesses therein. For the fiscal year ended August 31, 2021, \$267,113 of excise tax was collected and \$225,000 was used to pay for tourism outlays within the City.

### NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county Metro Atlanta area, is a member of the Atlanta Regional Commission ("ARC") and is required to pay dues thereto. During its fiscal year ending August 31, 2021, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the O.C.G.A. §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. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Atlanta Regional Commission, 229 Peachtree St. NE, STE 100 Atlanta, Georgia 30303.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. RELATED ORGANIZATION

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

### NOTE 13. JOINTLY GOVERNED ORGANIZATION

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

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the fiscal year ended August 31, 2021, the City agreed to pay the Water and Sewer Authority \$1,619,196 for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewerage Fund.

On July 1, 2014, the Authority entered into an agreement to refinance the Series 2007 Variable Rate Revenue Bonds Authority with the Series 2014 bonds. The net results of the refinancing resulted in an economic loss of \$3,953,000 and a deferred outflow on the refunding of \$4,087,845.

As of December 31, 2021, the Water and Sewer Authority's debt service requirements on the Series 2014 Variable Rate Revenue Bonds were as follows using a variable interest rate of 3-5%:

<b>Fiscal Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,575,000	\$ 1,205,525	\$ 2,780,525
2023	1,675,000	1,144,226	2,819,226
2024	1,780,000	1,070,850	2,850,850
2025	1,900,000	984,475	2,884,475
2026	2,025,000	892,475	2,917,475
2027-2031	11,905,000	3,121,110	15,026,110
2032-2033	5,770,000	530,650	6,300,650
	<u>\$ 26,630,000</u>	<u>\$ 8,949,311</u>	<u>\$ 35,579,311</u>

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



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 14. COMMITMENTS AND CONTINGENCIES**

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

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

### **NOTE 15. RISK MANAGEMENT**

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

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

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

Settled claims in the past three (3) fiscal years have not exceeded the coverages.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the City is required to reevaluate the accounting treatment of fiduciary activities. The City's Municipal Court Fund, which was previously reported as an Agency Fund, is now reported in the City's General Fund as a result of the implementation of the new accounting standard.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF UNION CITY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 434,509	\$ 391,786	\$ 380,915	\$ 395,133	\$ 376,569	\$ 364,644	\$ 445,614
Interest on total pension liability	2,061,758	1,941,144	1,760,138	1,736,122	1,622,957	1,472,322	1,380,840
Differences between expected and actual experience	1,297,812	461,000	1,426,594	(482,217)	381,421	968,158	333,822
Changes on assumptions	-	525,389	-	50,903	-	-	(237,288)
Benefit payments, including refunds of employee contributions	(1,328,951)	(1,246,878)	(1,083,330)	(944,523)	(896,982)	(825,925)	(659,221)
Other changes	-	-	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>2,465,128</b>	<b>2,072,441</b>	<b>2,484,317</b>	<b>755,418</b>	<b>1,483,965</b>	<b>1,979,199</b>	<b>1,263,767</b>
<b>Total pension liability - beginning</b>	<b>28,186,009</b>	<b>26,113,568</b>	<b>23,629,251</b>	<b>22,873,833</b>	<b>21,389,868</b>	<b>19,410,669</b>	<b>18,146,902</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 30,651,137</b>	<b>\$ 28,186,009</b>	<b>\$ 26,113,568</b>	<b>\$ 23,629,251</b>	<b>\$ 22,873,833</b>	<b>\$ 21,389,868</b>	<b>\$ 19,410,669</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,309,403	\$ 1,034,872	\$ 900,433	\$ 987,884	\$ 794,563	\$ 1,006,474	\$ 942,047
Net investment income	1,909,776	585,927	1,773,020	2,350,322	1,572,297	145,050	1,404,681
Benefit payments, including refunds of employee contributions	(1,328,951)	(1,246,878)	(1,083,330)	(944,523)	(896,982)	(825,925)	(659,221)
Administrative expenses	(44,678)	(42,334)	(44,103)	(46,092)	(22,234)	(24,688)	(20,144)
<b>Net change in plan fiduciary net position</b>	<b>1,845,550</b>	<b>331,587</b>	<b>1,546,020</b>	<b>2,347,591</b>	<b>1,447,644</b>	<b>300,911</b>	<b>1,667,363</b>
<b>Plan fiduciary net position - beginning</b>	<b>19,774,012</b>	<b>19,442,425</b>	<b>17,896,405</b>	<b>15,548,814</b>	<b>14,101,170</b>	<b>13,800,259</b>	<b>12,132,896</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 21,619,562</b>	<b>\$ 19,774,012</b>	<b>\$ 19,442,425</b>	<b>\$ 17,896,405</b>	<b>\$ 15,548,814</b>	<b>\$ 14,101,170</b>	<b>\$ 13,800,259</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 9,031,575</b>	<b>\$ 8,411,997</b>	<b>\$ 6,671,143</b>	<b>\$ 5,732,846</b>	<b>\$ 7,325,019</b>	<b>\$ 7,288,698</b>	<b>\$ 5,610,410</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>70.53%</b>	<b>70.16%</b>	<b>74.45%</b>	<b>75.74%</b>	<b>67.98%</b>	<b>65.92%</b>	<b>71.10%</b>
<b>Covered payroll</b>	<b>\$ 8,930,015</b>	<b>\$ 8,912,707</b>	<b>\$ 7,075,950</b>	<b>\$ 7,097,123</b>	<b>\$ 6,801,085</b>	<b>\$ 6,490,346</b>	<b>\$ 6,121,491</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>101.14%</b>	<b>94.38%</b>	<b>94.28%</b>	<b>80.78%</b>	<b>107.70%</b>	<b>112.30%</b>	<b>91.65%</b>

**Notes to the schedule:**

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

**CITY OF UNION CITY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,650,349	\$ 1,504,209	\$ 1,313,081	\$ 1,309,670	\$ 1,221,351	\$ 1,169,509	\$ 1,241,986
Contributions in relation to the actuarially determined contribution	1,253,831	1,205,458	1,034,872	976,424	911,893	865,396	935,461
Contribution deficiency (excess)	<u>\$ 396,518</u>	<u>\$ 298,751</u>	<u>\$ 278,209</u>	<u>\$ 333,246</u>	<u>\$ 309,458</u>	<u>\$ 304,113</u>	<u>\$ 306,525</u>
Covered payroll	\$ 8,858,180	\$ 8,930,015	\$ 8,912,707	\$ 7,075,950	\$ 7,097,123	\$ 6,801,085	\$ 6,490,346
Contributions as a percentage of covered payroll	14.15%	13.50%	11.61%	13.80%	12.85%	12.72%	14.41%

**Notes to the Schedule:**

Valuation date	January 1, 2021
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 fair value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost-of-living adjustment	2.10%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years

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

## **COMBINING STATEMENTS AND SCHEDULES**

# CITY OF UNION CITY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

### **CAPITAL PROJECTS FUNDS**

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

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

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

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

# CITY OF UNION CITY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### **DEBT SERVICE FUNDS**

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

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

The **2017 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2017 General Obligation Bond Issue.



**CITY OF UNION CITY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2021**

	Special Revenue Funds					
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/ Motel Tax Fund	Emergency 911 Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 31,289	\$ 320,755	\$ 505,181	\$ 576,649	\$ 577,118	\$ 663,283
Taxes receivable	-	18,689	34,733	-	-	-
Intergovernmental	-	-	-	-	-	396,841
Due from other funds	-	-	-	-	-	-
Prepaid items	-	-	-	182,772	-	-
Total assets	<u>\$ 31,289</u>	<u>\$ 339,444</u>	<u>\$ 539,914</u>	<u>\$ 759,421</u>	<u>\$ 577,118</u>	<u>\$ 1,060,124</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 50	\$ -	\$ 153,314	\$ 555,227	\$ -	\$ 90,839
Due to others	19,741	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>19,791</u>	<u>-</u>	<u>153,314</u>	<u>555,227</u>	<u>-</u>	<u>90,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental revenue	-	-	-	-	-	396,841
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>396,841</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable:						
Prepaid items	-	-	-	182,772	-	-
Restricted for:						
Law enforcement	11,498	-	-	-	-	572,444
Economic development	-	339,444	386,600	-	-	-
Public Safety	-	-	-	21,422	-	-
Capital projects	-	-	-	-	577,118	-
Debt service	-	-	-	-	-	-
Total fund balances	<u>11,498</u>	<u>339,444</u>	<u>386,600</u>	<u>204,194</u>	<u>577,118</u>	<u>572,444</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,289</u>	<u>\$ 339,444</u>	<u>\$ 539,914</u>	<u>\$ 759,421</u>	<u>\$ 577,118</u>	<u>\$ 1,060,124</u>

Capital Projects Funds			Debt Service Funds			Totals
Capital Grants Fund	CDBG Fund	General Obligation Bonds Fund	2010 General Obligation Bond	2014 General Obligation Bond	2017 General Obligation Bond	
\$ 545,206	\$ 20,000	\$ 67,705	\$ 1,469	\$ 29,172	\$ 1,074	\$ 3,338,901
-	-	-	-	-	-	53,422
-	311,352	-	-	-	-	708,193
-	-	23,095	-	-	-	23,095
-	-	-	-	-	-	182,772
<u>\$ 545,206</u>	<u>\$ 331,352</u>	<u>\$ 90,800</u>	<u>\$ 1,469</u>	<u>\$ 29,172</u>	<u>\$ 1,074</u>	<u>\$ 4,306,383</u>
\$ -	\$ 3,140	\$ -	\$ -	\$ -	\$ -	\$ 802,570
-	-	-	-	-	-	19,741
-	213,058	-	-	-	-	213,058
-	216,198	-	-	-	-	1,035,369
-	111,353	-	-	-	-	508,194
-	111,353	-	-	-	-	508,194
-	-	-	-	-	-	182,772
-	-	-	-	-	-	583,942
-	3,801	-	-	-	-	729,845
-	-	-	-	-	-	21,422
545,206	-	-	-	-	-	1,122,324
-	-	90,800	1,469	29,172	1,074	122,515
<u>545,206</u>	<u>3,801</u>	<u>90,800</u>	<u>1,469</u>	<u>29,172</u>	<u>1,074</u>	<u>2,762,820</u>
<u>\$ 545,206</u>	<u>\$ 331,352</u>	<u>\$ 90,800</u>	<u>\$ 1,469</u>	<u>\$ 29,172</u>	<u>\$ 1,074</u>	<u>\$ 4,306,383</u>

**CITY OF UNION CITY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	Special Revenue Funds				
	Federal Seized Funds Fund	Vehicle Rental Excise Tax Fund	Hotel/ Motel Tax Fund	Emergency 911 Fund	Tax Allocation District Fund
<b>Revenues</b>					<b>Multiple Operating Grant Fund</b>
Other taxes	\$ -	\$ 267,113	\$ 323,899	\$ -	\$ -
Charges for services	-	-	-	13,371	-
Intergovernmental	-	-	-	-	1,403,903
Interest	451	-	-	-	682
Other revenues	-	-	-	-	40,974
Total revenues	451	267,113	323,899	13,371	1,445,559
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	40,933
Public safety	3,301	-	-	574,668	579,657
Public works	-	-	-	-	179,998
Parks and recreation	-	-	-	-	1,791
Planning and economic development	-	-	129,560	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	3,301	-	129,560	574,668	802,379
Excess (deficiency) of revenues over (under) expenditures	(2,850)	267,113	194,339	(561,297)	643,180
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	563,900	-
Transfers out	-	(225,000)	(194,339)	-	(586,103)
Total other financing sources (uses)	-	(225,000)	(194,339)	563,900	(586,103)
Net change in fund balances	(2,850)	42,113	-	2,603	57,077
<b>Fund balances, beginning of fiscal year</b>	14,348	297,331	386,600	201,591	515,367
<b>Fund balances, end of fiscal year</b>	\$ 11,498	\$ 339,444	\$ 386,600	\$ 204,194	\$ 572,444

Capital Projects Funds			Debt Service Funds			Totals
Capital Grants Fund	CDBG Fund	General Obligation Bond Capital Projects	2010 General Obligation Bond	2014 General Obligation Bond	2017 General Obligation Bond	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 591,012
-	-	-	-	-	-	13,371
-	251,880	-	-	-	-	1,655,783
-	-	22	-	-	-	1,155
-	-	-	-	-	-	40,974
-	251,880	22	-	-	-	2,302,295
-	-	-	-	-	-	-
-	-	-	-	-	-	40,933
-	-	-	-	-	-	1,157,626
-	-	-	-	-	-	179,998
-	-	-	-	-	-	1,791
-	-	-	-	-	-	129,560
-	355,746	-	-	-	-	355,746
-	-	-	-	815,000	80,000	895,000
-	-	-	-	181,875	243,250	425,125
-	355,746	-	-	996,875	323,250	3,185,779
-	(103,866)	22	-	(996,875)	(323,250)	(883,484)
-	20,000	56,937	-	1,022,125	324,250	1,987,212
-	-	-	-	-	-	(1,005,442)
-	20,000	56,937	-	1,022,125	324,250	981,770
-	(83,866)	56,959	-	25,250	1,000	98,286
545,206	87,667	33,841	1,469	3,922	74	2,664,534
\$ 545,206	\$ 3,801	\$ 90,800	\$ 1,469	\$ 29,172	\$ 1,074	\$ 2,762,820

**CITY OF UNION CITY, GEORGIA**  
**TSPLOST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Sales tax	\$ 2,800,000	\$ 2,800,000	\$ 4,056,979	\$ 1,256,979
Interest	20,000	20,000	22,161	2,161
Total revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>4,079,140</u>	<u>1,259,140</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>5,666,447</u>	<u>5,666,447</u>	<u>2,549,975</u>	<u>3,116,472</u>
Total expenditures	<u>5,666,447</u>	<u>5,666,447</u>	<u>2,549,975</u>	<u>3,116,472</u>
Excess (deficiency) of revenues over (under) expenditures	(2,866,447)	(2,866,447)	1,529,165	(1,857,332)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>5,401,447</u>	<u>5,401,447</u>	-	5,401,447
Total other financing sources	<u>5,401,447</u>	<u>5,401,447</u>	-	5,401,447
Net change in fund balance	(8,267,894)	(8,267,894)	1,529,165	9,797,059
<b>FUND BALANCES, beginning of fiscal year</b>	<u>10,238,696</u>	<u>10,238,696</u>	<u>10,238,696</u>	-
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 1,970,802</u>	<u>\$ 1,970,802</u>	<u>\$ 11,767,861</u>	<u>\$ 9,797,059</u>

**CITY OF UNION CITY, GEORGIA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Interest	\$ 8,000	\$ 8,000	\$ 4,245	\$ (3,755)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>4,245</u>	<u>(3,755)</u>
<b>EXPENDITURES</b>				
Capital outlay	7,792,951	7,792,951	2,653,028	5,139,923
Debt service:				
Principal	127,957	127,957	166,111	(38,154)
Interest	<u>1,513</u>	<u>1,513</u>	<u>1,483</u>	<u>30</u>
Total expenditures	<u>7,922,421</u>	<u>7,922,421</u>	<u>2,820,622</u>	<u>5,101,799</u>
Deficiency of revenues under expenditures	(7,914,421)	(7,914,421)	(2,816,377)	(5,105,554)
<b>OTHER FINANCING SOURCES</b>				
Financed purchases	415,547	415,547	181,536	(234,011)
Transfers in	<u>2,798,874</u>	<u>2,798,874</u>	<u>2,798,874</u>	<u>-</u>
Total other financing sources	<u>3,214,421</u>	<u>3,214,421</u>	<u>2,980,410</u>	<u>(234,011)</u>
Net change in fund balance	(4,700,000)	(4,700,000)	164,033	4,864,033
<b>FUND BALANCES, beginning of fiscal year</b>	<u>2,083,751</u>	<u>2,083,751</u>	<u>2,083,751</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), end of fiscal year</b>	<u>\$ (2,616,249)</u>	<u>\$ (2,616,249)</u>	<u>\$ 2,247,784</u>	<u>\$ 4,864,033</u>

**CITY OF UNION CITY, GEORGIA**  
**FEDERAL SEIZED FUNDS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 451	\$ 451
Total revenues	<u>-</u>	<u>-</u>	<u>451</u>	<u>451</u>
<b>EXPENDITURES</b>				
Public safety	<u>16,320</u>	<u>16,320</u>	<u>3,301</u>	<u>13,019</u>
Total expenditures	<u>16,320</u>	<u>16,320</u>	<u>3,301</u>	<u>13,019</u>
Net change in fund balance	(16,320)	(16,320)	(2,850)	13,470
<b>FUND BALANCES, beginning of fiscal year</b>	<u>14,348</u>	<u>14,348</u>	<u>14,348</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), end of fiscal year</b>	<u>\$ (1,972)</u>	<u>\$ (1,972)</u>	<u>\$ 11,498</u>	<u>\$ 13,470</u>

**CITY OF UNION CITY, GEORGIA**  
**VEHICLE RENTAL EXCISE TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Other taxes	\$ 225,000	\$ 225,000	\$ 267,113	\$ 42,113
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>267,113</u>	<u>42,113</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(225,000)	(225,000)	(225,000)	-
Total other financing uses	<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Net change in fund balance	-	-	42,113	42,113
<b>FUND BALANCES, beginning of fiscal year</b>	<u>297,331</u>	<u>297,331</u>	<u>297,331</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 297,331</u>	<u>\$ 297,331</u>	<u>\$ 339,444</u>	<u>\$ 42,113</u>



**CITY OF UNION CITY, GEORGIA**  
**HOTEL/MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Other taxes	\$ 248,000	\$ 248,000	\$ 323,899	\$ 75,899
Total revenues	<u>248,000</u>	<u>248,000</u>	<u>323,899</u>	<u>75,899</u>
<b>EXPENDITURES</b>				
Economic development	<u>99,200</u>	<u>99,200</u>	<u>129,560</u>	<u>(30,360)</u>
Total expenditures	<u>99,200</u>	<u>99,200</u>	<u>129,560</u>	<u>(30,360)</u>
 Excess of revenues over expenditures	 <u>148,800</u>	 <u>148,800</u>	 <u>194,339</u>	 <u>45,539</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(148,800)</u>	<u>(148,800)</u>	<u>(194,339)</u>	<u>(45,539)</u>
Total other financing uses	<u>(148,800)</u>	<u>(148,800)</u>	<u>(194,339)</u>	<u>(45,539)</u>
 Net change in fund balance	 -	 -	 -	 -
<b>FUND BALANCES, beginning of fiscal year</b>	<u>386,600</u>	<u>386,600</u>	<u>386,600</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u><u>\$ 386,600</u></u>	<u><u>\$ 386,600</u></u>	<u><u>\$ 386,600</u></u>	<u><u>\$ -</u></u>

**CITY OF UNION CITY, GEORGIA**  
**EMERGENCY 911 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Charges for services	\$ 14,500	\$ 14,500	\$ 13,371	\$ (1,129)
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>13,371</u>	<u>(1,129)</u>
<b>EXPENDITURES</b>				
Public safety	<u>578,400</u>	<u>578,400</u>	<u>574,668</u>	<u>3,732</u>
Total expenditures	<u>578,400</u>	<u>578,400</u>	<u>574,668</u>	<u>3,732</u>
Deficiency of revenues under expenditures	<u>(563,900)</u>	<u>(563,900)</u>	<u>(561,297)</u>	<u>2,603</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>563,900</u>	<u>563,900</u>	<u>563,900</u>	<u>-</u>
Total other financing sources	<u>563,900</u>	<u>563,900</u>	<u>563,900</u>	<u>-</u>
Net change in fund balance	-	-	2,603	2,603
<b>FUND BALANCES, beginning of fiscal year</b>	<u>201,591</u>	<u>201,591</u>	<u>201,591</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 201,591</u>	<u>\$ 201,591</u>	<u>\$ 204,194</u>	<u>\$ 2,603</u>

**CITY OF UNION CITY, GEORGIA**  
**TAX ALLOCATION DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	(420,000)	(420,000)	-	420,000
<b>FUND BALANCES, beginning of fiscal year</b>	<u>577,118</u>	<u>577,118</u>	<u>577,118</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 157,118</u>	<u>\$ 157,118</u>	<u>\$ 577,118</u>	<u>\$ 420,000</u>

**CITY OF UNION CITY, GEORGIA**  
**MULTIPLE OPERATING GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental	\$ 1,000,026	\$ 1,000,026	\$ 1,403,903	\$ 403,877
Other revenues	336,735	336,735	40,974	(295,761)
Interest	-	-	682	682
Total revenues	<u>1,336,761</u>	<u>1,336,761</u>	<u>1,445,559</u>	<u>108,798</u>
<b>EXPENDITURES</b>				
General government	41,188	41,188	40,933	255
Public safety	968,278	968,278	579,657	388,621
Public works	830,426	830,426	179,998	650,428
Parks and recreation	12,466	12,466	1,791	10,675
Total expenditures	<u>1,852,358</u>	<u>1,852,358</u>	<u>802,379</u>	<u>1,049,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(515,597)</u>	<u>(515,597)</u>	<u>643,180</u>	<u>1,158,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	337,203	337,203	-	(337,203)
Transfers out	-	-	(586,103)	(586,103)
Total other financing sources (uses)	<u>337,203</u>	<u>337,203</u>	<u>(586,103)</u>	<u>(923,306)</u>
Net change in fund balance	<u>(178,394)</u>	<u>(178,394)</u>	<u>57,077</u>	<u>235,471</u>
<b>FUND BALANCES, beginning of fiscal year</b>	<u>515,367</u>	<u>515,367</u>	<u>515,367</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 336,973</u>	<u>\$ 336,973</u>	<u>\$ 572,444</u>	<u>\$ 235,471</u>

**CITY OF UNION CITY, GEORGIA**  
**CDBG FUND**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 386,390	\$ 386,390	\$ 251,880	\$ (134,510)
Total revenues	<u>386,390</u>	<u>386,390</u>	<u>251,880</u>	<u>(134,510)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>325,029</u>	<u>325,029</u>	<u>355,746</u>	<u>(30,717)</u>
Total expenditures	<u>325,029</u>	<u>325,029</u>	<u>355,746</u>	<u>(30,717)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,361</u>	<u>61,361</u>	<u>(103,866)</u>	<u>(165,227)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>38,639</u>	<u>38,639</u>	<u>20,000</u>	<u>(18,639)</u>
Total other financing sources	<u>38,639</u>	<u>38,639</u>	<u>20,000</u>	<u>(18,639)</u>
Net change in fund balance	100,000	100,000	(83,866)	(183,866)
<b>FUND BALANCES, beginning of fiscal year</b>	<u>87,667</u>	<u>87,667</u>	<u>87,667</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 187,667</u>	<u>\$ 187,667</u>	<u>\$ 3,801</u>	<u>\$ (183,866)</u>

**CITY OF UNION CITY, GEORGIA**  
**2014 GENERAL OBLIGATION BOND DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	\$ 815,000	\$ 815,000	\$ 815,000	\$ -
Interest	207,125	207,125	181,875	25,250
Total expenditures	<u>1,022,125</u>	<u>1,022,125</u>	<u>996,875</u>	<u>25,250</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,022,125</u>	<u>1,022,125</u>	<u>1,022,125</u>	<u>-</u>
Total other financing sources	<u>1,022,125</u>	<u>1,022,125</u>	<u>1,022,125</u>	<u>-</u>
Net change in fund balance	-	-	25,250	25,250
<b>FUND BALANCES, beginning of fiscal year</b>	<u>3,922</u>	<u>3,922</u>	<u>3,922</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 3,922</u>	<u>\$ 3,922</u>	<u>\$ 29,172</u>	<u>\$ 25,250</u>

**CITY OF UNION CITY, GEORGIA**  
**2017 GENERAL OBLIGATION BOND DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Interest	244,250	244,250	243,250	1,000
Total expenditures	<u>324,250</u>	<u>324,250</u>	<u>323,250</u>	<u>1,000</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	324,250	324,250	324,250	-
Total other financing sources	<u>324,250</u>	<u>324,250</u>	<u>324,250</u>	<u>-</u>
Net change in fund balance	-	-	1,000	1,000
<b>FUND BALANCES, beginning of fiscal year</b>	<u>74</u>	<u>74</u>	<u>74</u>	<u>-</u>
<b>FUND BALANCES, end of fiscal year</b>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ 1,074</u>	<u>\$ 1,000</u>

**CITY OF UNION CITY, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM**  
**TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX (TSPLOST)**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

PROJECT	ESTIMATED COST		PRIOR	EXPENDITURES		PROJECT COMPLETION
	ORIGINAL	CURRENT		CURRENT	TOTAL	
Resurfacing and Transportation Enhancement Projects Tier I	\$ 16,167,006	\$ 16,167,006	\$ 2,103,091	\$ 2,549,975	\$ 4,653,066	29%
Resurfacing and Transportation Enhancement Projects Tier II	2,231,444	2,231,444	-	-	-	0%
Resurfacing and Transportation Enhancement Projects Tier II	3,299,719	3,299,719	-	-	-	0%
<b>TOTAL TSPLOST</b>	<b>\$ 21,698,169</b>	<b>\$ 21,698,169</b>	<b>\$ 2,103,091</b>	<b>\$ 2,549,975</b>	<b>\$ 4,653,066</b>	

**Note:** TSPLOST projects in the City of Union City city limits will be completed with the TSPLOST revenue collected by Fulton County and distributed monthly to the City.



## **COMPONENT UNITS**

**CITY OF UNION CITY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

	South Fulton Municipal Regional Jail Authority	Union City Development Authority	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments from other governments	\$ 825,886	\$ -	\$ 825,886
Payments from primary government	-	62,500	62,500
Net cash provided by operating activities	<u>825,886</u>	<u>62,500</u>	<u>888,386</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds	(720,000)	-	(720,000)
Interest paid	(222,347)	(10,014)	(232,361)
Net cash used in capital and related financing activities	<u>(942,347)</u>	<u>(10,014)</u>	<u>(952,361)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment interest	116,461	8	116,469
Net cash provided by investing activities	<u>116,461</u>	<u>8</u>	<u>116,469</u>
Change in cash and cash equivalents	-	52,494	52,494
<b>Cash and cash equivalents:</b>			
Beginning of fiscal year	-	100,005	100,005
End of fiscal year	<u>\$ -</u>	<u>\$ 152,499</u>	<u>\$ 152,499</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities			
Changes in assets and liabilities:			
Decrease in intergovernmental receivable	720,000	-	720,000
Decrease in deferred outflows of resources - deferred charge of refunding	105,886	-	105,886
Increase in unearned revenue	-	62,500	62,500
Net cash provided by operating activities	<u>\$ 825,886</u>	<u>\$ 62,500</u>	<u>\$ 888,386</u>

# STATISTICAL SECTION

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

## **Contents**

## **Page**

### **Financial Trends ..... 77 – 83**

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

### **Revenue Capacity ..... 84 – 87**

*These schedules contain information to help the reader assess the City's most significant local revenue sources.*

### **Debt Capacity ..... 88 – 92**

*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

### **Demographic and Economic Information ..... 93 – 95**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

### **Operating Information ..... 96 and 97**

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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

# CITY OF UNION CITY, GEORGIA

## NET POSITION BY ACTIVITY LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 2,363,313	\$ 2,046,237	\$ 3,597,239	\$ 3,531,201	\$ 5,049,949	\$ 598,455	\$ 9,461,603	\$ 12,268,365	\$ 14,990,907	\$ 18,189,287
Restricted	1,478,182	1,734,932	1,879,206	2,088,414	2,040,997	8,394,962	6,624,974	13,516,860	12,701,639	14,773,527
Unrestricted	1,603,503	(102,458)	1,903,353	2,254,399	5,350,512	9,888,086	12,973,607	14,222,021	19,479,528	26,995,149
Total governmental activities net position	<u>\$ 5,444,998</u>	<u>\$ 3,678,711</u>	<u>\$ 7,379,798</u>	<u>\$ 7,874,014</u>	<u>\$ 12,441,458</u>	<u>\$ 18,881,503</u>	<u>\$ 29,060,184</u>	<u>\$ 40,007,246</u>	<u>\$ 47,172,074</u>	<u>\$ 59,957,963</u>
Business-type activities										
Net investment in capital assets	\$ 9,993,975	\$ 10,385,111	\$ 8,901,118	\$ 7,991,837	\$ 7,209,006	\$ 6,757,926	\$ 6,296,865	\$ 5,797,207	\$ 5,705,750	\$ 7,548,093
Restricted	-	925,910	2,059,130	1,970,454	1,834,024	1,535,293	1,449,250	1,374,641	1,360,464	586,945
Unrestricted	824,012	964,801	1,038,859	862,585	1,921,057	3,327,110	5,525,641	5,983,583	7,142,378	8,041,590
Total business-type activities net position	<u>\$ 10,817,987</u>	<u>\$ 12,275,822</u>	<u>\$ 11,999,107</u>	<u>\$ 10,824,876</u>	<u>\$ 10,964,087</u>	<u>\$ 11,620,329</u>	<u>\$ 13,271,756</u>	<u>\$ 13,155,431</u>	<u>\$ 14,208,592</u>	<u>\$ 16,176,628</u>
Primary government										
Net investment in capital assets	\$ 12,357,288	\$ 12,431,348	\$ 12,498,357	\$ 11,523,038	\$ 12,258,955	\$ 7,356,381	\$ 15,758,468	\$ 18,065,572	\$ 20,696,657	\$ 25,737,380
Restricted	1,478,182	2,660,842	3,938,336	4,058,868	3,875,021	9,930,255	8,074,224	14,891,501	14,062,103	15,360,472
Unrestricted	2,427,515	862,343	2,942,212	3,116,984	7,271,569	13,215,196	18,499,248	20,205,604	26,621,906	35,036,739
Total primary government net position	<u>\$ 16,262,985</u>	<u>\$ 15,954,533</u>	<u>\$ 19,378,905</u>	<u>\$ 18,698,890</u>	<u>\$ 23,405,545</u>	<u>\$ 30,501,832</u>	<u>\$ 42,331,940</u>	<u>\$ 53,162,677</u>	<u>\$ 61,380,666</u>	<u>\$ 76,134,591</u>

Source: Annual Comprehensive Financial Report for the respective fiscal year from the City's finance department.

# CITY OF UNION CITY, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government	\$ 2,211,266	\$ 2,470,084	\$ 2,054,613	\$ 2,468,658	\$ 2,424,138	\$ 2,444,499	\$ 3,781,555	\$ 5,300,953	\$ 4,888,582	\$ 5,271,243
Judicial	468,800	452,295	436,347	383,138	444,132	454,518	426,489	490,390	548,549	527,323
Public safety	10,193,857	9,865,376	9,590,617	8,941,842	9,852,273	10,242,974	10,396,662	11,417,818	13,080,397	13,742,563
Public works	2,818,491	1,766,343	1,611,785	2,005,906	2,329,099	2,168,984	2,207,629	3,212,888	3,392,895	3,094,858
Parks and recreation	447,059	495,841	523,992	473,370	522,901	551,401	554,589	938,851	1,359,836	1,199,207
Economic development	815,159	832,622	751,348	710,296	684,237	646,318	852,933	934,250	1,049,391	1,053,596
Interest on long-term debt	666,233	591,502	531,627	329,512	221,368	422,825	436,104	437,610	438,781	442,139
Issuance cost on long-term debt	-	-	-	183,416	-	198,818	-	-	-	-
Total governmental activities expenses	17,620,865	16,474,063	15,500,329	15,496,138	16,478,148	17,130,337	18,655,961	22,732,760	24,758,431	25,330,929
Business-type activities:										
Water and sewerage	6,651,946	6,690,719	7,279,343	7,137,318	-	7,178,488	7,261,987	7,797,294	7,690,586	8,134,362
Sanitation	763,164	736,123	611,799	1,063,063	1,493,200	1,642,981	1,611,225	1,538,470	1,497,294	1,696,069
Stormwater	-	55,470	223,238	1,685,368	734,022	271,592	231,166	499,988	644,311	250,294
Criminal justice management	3,387,775	2,372,405	365,455	-	-	-	-	-	-	-
Total business-type activities expenses	10,802,885	9,854,717	8,479,835	9,885,749	2,227,222	9,093,061	9,104,378	9,835,752	9,832,191	10,080,725
Total primary government expenses	28,423,750	26,328,780	23,980,164	25,381,887	18,705,370	26,223,398	27,760,339	32,568,512	34,590,622	35,411,654
<b>Program revenues</b>										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,479,642	1,745,430	1,894,426	2,125,471	2,378,255	2,352,516	2,774,272	2,855,996	2,227,594	2,251,846
Judicial	137,908	130,030	77,926	43,564	61,063	46,479	48,654	59,523	731,458	305,715
Public safety	1,757,157	1,413,518	1,224,270	938,139	1,036,884	935,486	759,439	819,721	93,417	67,997
Public works	-	-	-	19,355	19,066	13,977	17,150	15,721	861,443	865,389
Parks and recreation	69,132	66,116	59,616	52,069	58,800	69,765	71,553	58,396	20,754	24,544
Economic development	6,425	8,790	29,430	47,051	29,773	89,294	222,512	594,332	622,810	565,080
Operating grants and contributions	778,084	501,184	237,834	113,940	29,930	40,612	55,636	-	291,203	1,775,969
Capital grants and contributions	461,879	270,551	213,471	386,851	545,682	616,252	918,282	1,673,477	619,893	541,082
Total governmental activities program revenues	\$ 4,690,227	\$ 4,135,619	\$ 3,736,973	\$ 3,726,440	\$ 4,159,453	\$ 4,164,381	\$ 4,867,498	\$ 6,077,166	\$ 5,468,572	\$ 6,397,622

(Continued)

# CITY OF UNION CITY, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program revenues (Continued)</b>										
Primary government (Continued):										
Business-type activities:										
Charges for services	\$ 10,664,099	\$ 9,733,232	\$ 8,919,049	\$ 9,202,096	\$ 10,100,193	\$ 9,742,564	\$ 10,998,827	\$ 10,878,717	\$ 10,822,642	\$ 11,983,090
Total business-type activities										
program revenues	10,664,099	9,733,232	8,919,049	20,080,813	10,100,193	20,621,281	10,998,827	10,878,717	10,822,642	11,983,090
Total primary government										
program revenues	15,354,326	13,868,851	12,656,022	23,807,253	14,259,646	24,785,662	15,866,325	16,955,883	16,291,214	18,380,712
Net (expense)/ revenue										
Governmental activities	(12,930,638)	(12,338,444)	(11,763,356)	(11,769,698)	(12,318,695)	(12,965,956)	(13,788,463)	(16,655,594)	(19,289,859)	(18,933,307)
Business-type activities	(138,786)	(121,485)	439,214	10,195,064	7,872,971	11,528,220	1,894,449	1,042,965	990,451	1,902,365
Total primary government										
net expense	(13,069,424)	(12,459,929)	(11,324,142)	(1,574,634)	(4,445,724)	(1,437,736)	(11,894,014)	(15,612,629)	(18,299,408)	(17,030,942)
<b>General revenues and other</b>										
<b>changes in net position</b>										
Primary government:										
Governmental activities										
Property taxes	5,608,053	5,619,122	7,582,758	7,656,577	8,747,818	9,791,509	11,459,372	12,773,085	13,450,992	17,849,492
Sales taxes	3,010,345	3,015,388	4,506,448	5,051,758	5,079,836	6,524,359	8,943,451	9,411,819	8,893,566	9,996,215
Insurance premium tax	912,568	969,300	1,003,618	1,049,733	1,121,467	1,214,767	1,291,936	1,394,090	1,471,609	1,551,377
Other taxes	329,076	360,972	437,363	483,203	474,958	474,872	518,114	668,225	579,425	603,822
Franchise taxes	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897	1,360,726	1,398,275	1,506,941	1,569,209	1,478,829
Unrestricted investment										
earnings	15,999	5,954	13,551	13,001	33,119	39,768	94,706	658,402	534,631	98,356
Miscellaneous	-	-	-	-	-	-	-	-	106,008	200,233
Transfers	439,000	(157,492)	734,627	59,591	64,044	-	261,290	1,190,094	(150,753)	(59,128)
Total governmental activities										
general revenues and other										
changes in net position	11,521,637	10,971,762	15,464,443	15,514,795	16,886,139	19,406,001	23,967,144	27,602,656	26,454,687	31,719,196
Business-type activities										
Unrestricted investment										
earnings	22,330	5,320	18,698	-	22,317	6,739	18,268	30,804	11,957	6,545
Transfers	(439,000)	157,492	(734,627)	(59,591)	(64,044)	-	(261,290)	(1,190,094)	50,753	59,128
Total business-type activities										
general revenues and other										
changes in net position	\$ (416,670)	\$ 162,812	\$ (715,929)	\$ (59,591)	\$ (41,727)	\$ 6,739	\$ (243,022)	\$ (1,159,290)	\$ 62,710	\$ 65,673

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# CITY OF UNION CITY, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Change in Net Position</b>										
Governmental activities	\$ (1,409,001)	\$ (1,366,682)	\$ 3,701,087	\$ 3,745,097	\$ 4,567,444	\$ 6,440,045	\$ 10,178,681	\$ 10,947,062	\$ 7,164,828	\$ 12,785,889
Business-type activities	(555,456)	41,327	(276,715)	10,135,473	7,831,244	11,534,959	1,651,427	(116,325)	1,053,161	1,968,038
Total primary government change in net position	<u>\$ (1,964,457)</u>	<u>\$ (1,325,355)</u>	<u>\$ 3,424,372</u>	<u>\$ 13,880,570</u>	<u>\$ 12,398,688</u>	<u>\$ 17,975,004</u>	<u>\$ 11,830,108</u>	<u>\$ 10,830,737</u>	<u>\$ 8,217,989</u>	<u>\$ 14,753,927</u>

Source: Annual Comprehensive Financial Report for the respective fiscal year from the City's finance department.

**CITY OF UNION CITY, GEORGIA**

**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 1,069,319	\$ 294,883	\$ 299,762	\$ 374,667	\$ 371,200	\$ 452,918	\$ 275,945	\$ 278,451	\$ 276,380	\$ 546,762
Unassigned	779,072	659,313	2,913,410	6,451,766	10,052,404	14,123,277	18,895,537	19,842,330	23,571,698	28,274,818
Total general fund	<u>\$ 1,848,391</u>	<u>\$ 954,196</u>	<u>\$ 3,213,172</u>	<u>\$ 6,826,433</u>	<u>\$ 10,423,604</u>	<u>\$ 14,576,195</u>	<u>\$ 19,171,482</u>	<u>\$ 20,120,781</u>	<u>\$ 23,848,078</u>	<u>\$ 28,821,580</u>
All Other Governmental Funds										
Nonspendable, reported in:										
Special revenue funds	\$ 12,604	\$ -	\$ -	\$ 198,204	\$ 165,170	\$ 165,170	\$ 155,000	\$ 155,000	\$ 155,000	\$ 182,772
Capital projects funds	6,250	-	-	-	-	94,567	-	95,000	-	-
Restricted, reported in:										
Special revenue funds	326,324	266,446	600,367	681,707	665,886	629,865	1,402,899	1,648,982	1,837,355	1,908,526
Capital projects funds	1,974,957	1,148,622	957,267	1,102,894	1,047,549	5,929,135	9,183,187	11,858,586	12,989,161	12,407,668
Debt service funds	341,615	319,864	321,572	323,813	327,562	1,835,962	7,857	9,292	5,465	31,715
Assigned, reported in:										
Special revenue funds	219,307	195,904	195,904	195,858	195,745	195,651	69,222	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	2,247,784
Unassigned, reported in:										
Special revenue funds	-	-	(144,836)	-	(144,836)	(175,184)	(158,617)	(417,566)	-	-
Capital projects funds	-	(37,592)	(15,036)	(177,870)	(15,036)	-	(494,422)	-	-	-
Debt service fund	-	-	-	(38)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,881,057</u>	<u>\$ 1,893,244</u>	<u>\$ 1,915,238</u>	<u>\$ 2,324,568</u>	<u>\$ 2,242,040</u>	<u>\$ 8,675,166</u>	<u>\$ 10,165,126</u>	<u>\$ 13,349,294</u>	<u>\$ 14,986,981</u>	<u>\$ 16,778,465</u>

Source: Annual Comprehensive Financial Report for the respective fiscal year from the City's finance department.



# CITY OF UNION CITY, GEORGIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Property taxes	\$ 5,571,360	\$ 5,650,963	\$ 7,315,208	\$ 8,069,214	\$ 8,751,035	\$ 9,727,696	\$ 11,438,225	\$ 12,714,288	\$ 13,218,821	\$ 16,627,532
Sales taxes	-	-	-	-	-	6,524,359	8,943,451	9,411,819	8,893,566	9,996,215
Other taxes	4,251,989	4,345,660	5,947,429	6,584,694	6,676,261	1,689,639	1,810,049	2,062,315	2,051,034	2,155,198
Charges for services	479,612	471,330	506,748	464,498	481,364	643,280	558,076	867,050	882,277	686,104
Licenses and permits	1,439,821	1,632,620	1,778,056	2,038,210	2,252,917	2,217,042	2,630,270	2,649,636	2,966,018	3,052,106
Intergovernmental	873,332	759,641	436,801	500,791	575,612	656,864	973,918	771,987	1,547,499	2,051,783
Franchise taxes	1,206,596	1,158,518	1,186,078	1,200,932	1,364,897	1,360,726	1,398,275	1,506,941	1,569,209	1,478,829
Fines and forfeitures	1,404,660	1,134,879	890,810	642,156	730,864	550,815	589,873	729,045	684,401	296,972
Interest revenue	15,999	5,954	13,551	13,001	33,119	39,768	94,707	658,402	534,631	120,517
Rental income	13,785	20,425	18,870	20,311	18,346	19,461	30,822	22,436	24,780	45,390
Other revenues	479,017	116,724	105,688	60,474	100,350	76,919	84,539	135,522	106,008	200,233
Total revenues	<u>\$ 15,736,171</u>	<u>\$ 15,296,714</u>	<u>\$ 18,199,239</u>	<u>\$ 19,594,281</u>	<u>\$ 20,984,765</u>	<u>\$ 23,506,569</u>	<u>\$ 28,552,205</u>	<u>\$ 31,529,441</u>	<u>\$ 32,478,244</u>	<u>\$ 36,710,879</u>
<b>Expenditures</b>										
Current:										
General government	\$ 2,137,715	\$ 2,050,824	\$ 1,927,849	\$ 2,152,585	\$ 2,582,460	\$ 2,858,582	\$ 3,236,922	\$ 3,926,810	\$ 4,337,858	\$ 4,888,941
Judicial	377,543	360,126	341,796	298,711	357,346	361,155	340,609	397,435	446,479	438,288
Public safety	9,673,917	9,224,427	8,825,056	8,711,449	9,155,803	9,370,391	10,107,383	10,915,831	12,210,190	13,115,442
Public works	1,574,058	1,390,823	1,423,334	1,584,853	1,799,620	1,708,825	1,783,430	2,750,999	2,892,626	2,546,129
Parks and recreation	338,913	368,894	374,883	359,452	384,182	453,919	477,397	766,940	1,014,209	835,231
Economic development	796,900	817,605	751,348	710,296	684,237	646,318	852,933	934,250	1,038,403	1,047,802
Capital outlay	1,576,565	1,393,579	507,667	403,015	735,032	1,811,510	3,870,185	7,799,011	3,320,679	5,558,749
Debt service:										
Principal	1,623,662	1,728,241	1,772,797	1,310,580	1,458,601	1,315,988	1,966,332	1,413,753	1,385,954	1,061,081
Interest	660,550	617,203	568,294	280,212	356,885	313,757	518,758	503,440	466,109	426,638
Bond issuance costs	-	-	-	183,416	-	198,818	664	-	-	-
Total expenditures	<u>18,759,823</u>	<u>17,951,722</u>	<u>16,493,024</u>	<u>15,994,569</u>	<u>17,514,166</u>	<u>19,039,263</u>	<u>23,154,613</u>	<u>29,408,469</u>	<u>27,112,507</u>	<u>29,918,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,023,652)</u>	<u>(2,655,008)</u>	<u>1,706,215</u>	<u>3,599,712</u>	<u>3,470,599</u>	<u>4,467,306</u>	<u>5,397,592</u>	<u>2,120,972</u>	<u>5,365,737</u>	<u>6,792,578</u>

(Continued)

# CITY OF UNION CITY, GEORGIA

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other Financing Sources (Uses)</b>										
Bond issuance	\$ -	\$ -	\$ -	\$ 8,560,000	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -
Premium on bonds	-	-	-	525,671	-	767,177	-	-	-	-
Payment to escrow agent	-	-	-	(8,902,255)	-	-	-	-	-	-
Capital lease	160,043	-	-	-	-	351,234	426,365	822,401	-	181,536
Transfers in	2,954,516	3,174,200	3,296,255	2,741,365	3,260,132	2,877,080	4,088,570	9,973,312	3,985,911	6,069,025
Transfers out	(2,515,516)	(2,401,200)	(2,561,628)	(2,681,774)	(3,196,088)	(2,877,080)	(3,827,280)	(8,783,218)	(4,136,664)	(6,128,153)
Total other financing sources (uses)	599,043	773,000	734,627	243,007	64,044	6,118,411	687,655	2,012,495	(150,753)	122,408
Net change in fund balances	<u>\$ (2,424,609)</u>	<u>\$ (1,882,008)</u>	<u>\$ 2,440,842</u>	<u>\$ 3,842,719</u>	<u>\$ 3,534,643</u>	<u>\$ 10,585,717</u>	<u>\$ 6,085,247</u>	<u>\$ 4,133,467</u>	<u>\$ 5,214,984</u>	<u>\$ 6,914,986</u>
Debt service as a percentage of noncapital expenditures	<u>15.3%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>11.5%</u>	<u>12.1%</u>	<u>10.6%</u>	<u>14.8%</u>	<u>9.7%</u>	<u>8.4%</u>	<u>6.5%</u>

Source: Annual Comprehensive Financial Report for the respective fiscal year from the City's finance department.

# CITY OF UNION CITY, GEORGIA

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

Tax Year	Personal Property			Privately Owned Public Utilities	Total Property		Total Direct Tax Rate	Assessed Value as a % of Actual Value
	Real Property	Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2012	\$ 451,574,153	\$ 50,036,827	\$ 26,687,160	\$ 6,754,886	\$ 535,053,026	\$ 1,337,632,565	10.599	40%
2013	433,339,950	38,398,892	27,653,800	6,905,395	506,298,037	1,265,745,093	15.598	40%
2014	428,501,870	29,682,537	21,982,160	7,116,549	487,283,116	1,218,207,790	15.692	40%
2015	483,920,600	43,726,218	14,538,020	7,250,890	549,435,728	1,373,589,320	15.692	40%
2016	513,015,770	93,676,001 (a)	10,305,160	6,870,151	623,867,082	1,559,667,705	15.692	40%
2017	590,981,340	76,462,970	7,448,103	8,163,077	683,055,490	1,707,638,725	16.425	40%
2018	632,007,980	145,918,360	5,617,774	7,572,362	791,116,476	1,977,791,190	14.952	40%
2019	716,739,300	144,409,005	4,512,549	12,370,634	878,031,488	2,195,078,720	14.326	40%
2020	799,824,540	319,079,410 (b)	3,900,423	11,621,051	1,134,425,424	2,836,063,560	14.043	40%
2021	923,085,660	334,638,214	3,397,023	10,074,387	1,271,195,284	3,177,988,210	13.197	40%

Source: Fulton County Tax Assessor

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

(b) Increase is due to increase in values mainly for Development Authority and Google Inc.

## CITY OF UNION CITY, GEORGIA

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

Tax Digest Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Millage Rates
	City of Union City			State of Georgia	Fulton County	County School System	
	Operating Millage	Debt Service	Total				
2012	8.331	2.268	10.599	0.20	10.550	18.50	39.85
2013	13.178	2.420	15.598	0.15	10.480	18.50	44.73
2014	13.122	2.570	15.692	0.15	12.050	18.50	46.39
2015	13.412	2.280	15.692	0.05	10.750	18.50	44.99
2016	14.572	1.120	15.692	0.00	10.700	18.48	34.18
2017	14.665	1.760	16.425	0.00	10.630	18.55	45.60
2018	13.322	1.630	14.952	0.00	10.430	17.80	43.18
2019	12.952	1.374	14.326	0.00	10.119	17.80	42.24
2020	12.893	1.150	14.043	0.00	9.776	17.80	41.62
2021	12.138	1.059	13.197	0.00	9.540	17.59	40.33

Source: GA Dept of Revenue

# CITY OF UNION CITY, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2012	\$ 5,102,178	\$ 4,797,313	94.02%	\$ 256,927	\$ 5,052,408	99.02%	\$ 47,938
2013	5,351,680	5,235,029	97.82%	85,715	5,317,851	99.37%	30,936
2014	6,989,117	6,503,551	93.05%	451,599	6,951,904	99.47%	33,967
2015	7,011,056	6,811,199	97.15%	153,751	6,963,419	99.32%	46,106
2016	8,176,456	7,983,582	97.64%	124,503	8,105,723	99.13%	68,371
2017	9,219,975	9,090,025	98.59%	61,592	9,146,984	99.21%	68,358
2018	10,768,051	10,521,699	97.71%	174,962	10,656,729	98.97%	71,391
2019	11,855,967	11,657,143	98.32%	92,569	11,749,712	99.10%	106,255
2020	12,547,951	12,168,746	96.98%	144,984	12,313,730	98.13%	234,221
2021	16,258,100	14,800,737	91.04%	-	14,800,737	91.04%	1,457,363

Source: Union City Tax Receivables

# CITY OF UNION CITY, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Development Authority of Fulton County	\$ 202,939,930	1	15.96%	\$ 44,655,882	1	7.85%
Google Inc	138,283,000	2	10.88%			
B9 Malbec South Fulton Pkwy	56,289,840	3	4.43%			
Coca Cola Bottling Company	21,591,480	4	1.70%			
Kellog Sales Company	17,874,120	5	1.41%			
Jeld-Wen Inc	16,825,400	6	1.32%			
PPF Industrial 5390 Hunter ROA	16,330,120	7	1.28%			
Intercapital LRE Legacy LLC	15,838,080	8	1.25%			
USEF I85 Distribution Center	15,726,720	9	1.24%			
Intergerman Evergreen Commons	11,511,920	10	0.91%			
Walmart Stores				9,441,418	2	1.66%
Northwestern Mutual Life Insurance				9,209,500	3	1.62%
Costco Wholesale Corporation				7,801,045	4	1.37%
AEW LT Hunter Road LLC				7,544,277	5	1.33%
South Fulton Parkway LLC				7,009,393	6	1.23%
Pancal Goodon 5 LLC				6,635,635	7	1.17%
Wyndor Forest Apartments LLC				6,575,594	8	1.16%
General Electric Credit Equities				6,441,771	9	1.13%
Kraft Foods Global, Inc.				6,228,769	10	1.10%
	<u>\$ 513,210,610</u>		<u>40.37%</u>	<u>\$ 111,543,284</u>		<u>19.62%</u>

Source: Union City Tax Digest

# CITY OF UNION CITY, GEORGIA

## RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Percentage of Estimated Actual Value of Taxable Property	Per Capita	Business-Type Activities		Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Notes Payable			Water Revenue Bonds	Total Primary Government			
2012	\$ 11,470,000	\$ 2,730,000	\$ 1,628,305	\$ 111,897	1.19%	\$ 793.87	\$ 11,275,000	\$ 27,215,202	2.03%	7.35%	\$ 1,355.41
2013	10,715,000	2,410,000	1,049,170	38,464	1.12%	693.27	10,840,000	25,052,634	1.98%	6.64%	1,222.02
2014	10,025,521	2,060,000	459,164	-	1.03%	613.19	10,400,000	22,944,685	1.88%	6.50%	1,121.55
2015	9,963,689	1,675,000	373,584	-	0.87%	592.91	9,827,833	21,840,106	1.59%	6.25%	1,077.99
2016	8,924,160	1,255,000	284,983	-	0.67%	502.96	9,379,531	19,843,674	1.27%	5.75%	953.79
2017	13,913,899	805,000	1,203,995	-	0.93%	774.46	8,920,888	24,843,782	1.45%	6.99%	1,208.36
2018	13,085,258	-	425,293	-	0.68%	632.22	8,451,827	21,962,378	1.11%	5.84%	1,027.72
2019	12,162,860	-	658,941	-	0.00%	586.19	7,967,324	20,789,125	0.95%	5.19%	950.45
2020	11,221,807	-	127,987	-	0.00%	506.71	7,472,294	18,822,088	0.66%	4.36%	840.31
2021	10,242,493	-	143,412	-	0.00%	432.89	7,680,000	18,065,905	0.57%	3.29%	753.00

Source: Union City Finance Department

# CITY OF UNION CITY, GEORGIA

## RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	Population	Property Assessed Value	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Restricted Debt Service Funds	Net Bonded Debt		
2012	20,079	\$ 535,053,026	\$ 11,470,000	\$ 786,676	\$ 10,683,324	2.00%	\$ 532.06
2013	20,501	506,298,037	10,715,000	350,864	10,364,136	2.05%	505.54
2014	20,458	487,283,116	10,025,521	351,615	9,673,906	1.99%	472.87
2015	20,260	549,435,728	9,963,689	323,813	9,639,876	1.75%	475.81
2016	20,805	623,867,082	8,924,160	327,720	8,596,440	1.38%	413.19
2017	20,560	683,055,490	13,913,899	435,044	13,478,855	1.97%	655.59
2018	21,370	791,116,476	13,085,258	7,857	13,077,401	1.65%	611.95
2019	21,873	878,031,488	12,162,860	9,292	12,153,568	1.38%	555.64
2020	22,399	1,134,425,424	11,221,807	5,465	11,216,342	0.99%	500.75
2021	23,992	1,271,195,284	10,242,493	31,715	10,210,778	0.80%	425.59

Source: Union City Finance Department



**CITY OF UNION CITY, GEORGIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 56,858,181	\$ 49,493,881	\$ 48,728,312	\$ 54,943,573	\$ 62,386,708	\$ 68,883,979	\$ 79,111,648	\$ 87,803,149	\$ 113,442,542	\$ 127,119,528
Total net debt applicable to limit	13,413,324	12,774,136	12,223,113	11,314,876	9,581,440	14,283,855	13,077,401	12,153,568	11,216,342	10,210,778
Legal Debt Margin	<u>\$ 43,444,857</u>	<u>\$ 36,719,745</u>	<u>\$ 36,505,199</u>	<u>\$ 43,628,697</u>	<u>\$ 52,805,268</u>	<u>\$ 54,600,124</u>	<u>66,034,247</u>	<u>\$ 75,649,581</u>	<u>\$ 102,226,200</u>	<u>\$ 116,908,750</u>
Total net debt applicable to the limit as a percentage of debt limit	23.59%	25.81%	25.08%	20.59%	15.36%	20.74%	16.53%	13.84%	13.84%	13.84%
Assessed Value							\$ 878,031,488	\$ 1,134,425,424	\$ 1,271,195,284	
Debt limit (10% of assessed value)							87,803,149	113,442,542	127,119,528	
Debt applicable to limit:										
General obligation bonds and certificates of participation							12,162,860	11,221,807	10,242,493	
Less: Amount set aside for repayment of general obligation debt							(9,292)	(5,465)	(31,715)	
Total net debt applicable to limit							<u>12,153,568</u>	<u>11,216,342</u>	<u>10,210,778</u>	
Legal debt margin							<u>\$ 75,649,581</u>	<u>\$ 102,226,200</u>	<u>\$ 116,908,750</u>	

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

**Source:** Union City Finance Department

# CITY OF UNION CITY, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AUGUST 31, 2021

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(a)</sup></u>	<u>Amount Applicable to the City of Union City</u>
<b>Fulton County, Georgia - Overlapping Debt</b>			
Certificates of Participation	\$ -	1.56%	\$ -
Library General Obligation Bonds	234,407,917	1.56%	3,666,645
Economic Recovery Zone Bonds	91,984,025	1.56%	1,438,828
			<u>5,105,473</u>
<b>Fulton County School District - Overlapping Debt</b>			
Subtotal, overlapping debt	11,495,000	1.56%	179,807
<b>City of Union City, Georgia - Direct Debt</b>			10,242,493
<b>City of Union City, Georgia - Capital Leases</b>			<u>143,412</u>
Total Direct and Overlapping Debt			<u>\$ 15,671,185</u>

**Source:** Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of December 31, 2020) and City Finance Departments.

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

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

# CITY OF UNION CITY, GEORGIA

## PLEDGED-REVENUE COVERAGE LAST TEN YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2012	\$ 6,708,111	\$ 4,532,630	\$ 2,175,481	\$ - (1)	\$ 77,637	28.02
2013	6,511,408	4,885,824 (2)	1,625,584	435,000	358,325	2.05
2014	6,509,855	5,375,472	1,134,383	440,000	349,626	1.44
2015	6,919,542	5,218,226	1,701,316	450,000	342,466	2.15
2016	7,445,937	5,794,179	1,651,758	460,000	341,989	2.06
2017	7,057,558	5,387,243	1,670,315	470,000	332,024	2.08
2018	8,077,227	5,335,102	2,742,125	480,000	319,814	3.43
2019	7,807,636	5,973,859	1,833,777	495,000	306,884	2.29
2020	8,211,366	5,089,992	3,121,374	505,000	284,025	3.96
2021	9,032,895	5,367,361	3,665,534	- (3)	230,896	15.88

(1) 2012 Series Bond issued during FY 2012.

(2) Operating expenses include one time fee of \$6,374,613 paid to Fulton County for additional capacity at Camp Creek Water Reclamation Facility.

(3) 2021 Series Bond issued during FY 2021.

### Notes:

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

Utility service charges include tap fees, but exclude interest.

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

**CITY OF UNION CITY, GEORGIA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income <sup>(1)</sup></b>	<b>Per Capita Personal Income <sup>(1)</sup></b>	<b>Median Age <sup>(1)</sup></b>	<b>Unemployment Rate <sup>(2)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>
2012	20,079	\$ 370,457,550	\$ 18,450	30.5	8.40%	1,252
2013	20,501	377,525,915	18,415	30.5	8.10%	1,288
2014	20,458	352,941,416	17,252	30.5	8.10%	1,288
2015	20,260	349,525,520	17,252	30.0	6.24%	3,547
2016	20,805	345,175,755	16,591	30.4	5.00%	3,547
2017	20,560	355,605,760	17,296	31.2	7.90%	3,627
2018	21,370	376,112,000	17,600	31.2	5.50%	3,627
2019	21,873	400,275,900	18,300	31.8	3.90%	3,683
2020	22,399	431,539,134	19,266	31.8	8.90%	3,683
2021	23,992	549,320,832	22,896	32.8	4.09%	3,201

**Sources:**

(1) U.S. Census Bureau

(2) Georgia Department of Labor

(3) Clayton County Board of Education

**CITY OF UNION CITY, GEORGIA**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Business</b>	<b>2021</b>			<b>2012</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
CJ Logistics America, LLC	4200	1	33.00%			
Walmart	3479	2	27.34%			
Amazon.com Services Inc	1537	3	12.08%			
DHL Supply Chain	1200	4	9.43%			
Excel Inc.	753	5	5.92%			
Coca-Cola Bottling Company	732	6	5.75%			
Pruitt Health -Christian City	341	7	2.68%			
Ryder Integrated Logistics LLC	209	8	1.64%			
Mostensen Woodwork Inc.	140	9	1.10%			
Kroger	136	10	1.07%			
Kraft Food/Excel Logistics				412	1	5.80%
Christian City/UHS Pruitt				380	2	5.35%
Walmart				348	3	4.90%
Dendreon				214	4	3.01%
Toyota of Union City				207	5	2.92%
Nissan of Union City				192	6	2.70%
Kroger				182	7	2.56%
DSC Logistics				159	8	2.24%
Gene Evans Ford				132	9	1.86%
UFP Eastern Division Inc				125	10	1.76%

**Source:** Union City Business Permit Renewals

# CITY OF UNION CITY, GEORGIA

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration	3	3	3	2	2	2	4	4	5	5
City Clerk	2	2	2	1	2	1	1	1	2	2
Finance	4	4	4	5	6	6	4	4	4	6
Finance- water and sewer	6	6	5	4	4	4	5	4	5	7
Human Resources	1	2	2	1	2	2	2	3	4	4
Information Technology	2	2	2	1	1	1	1	1	1	1
Judicial										
Municipal Court	4	4	4	4	4	4	5	4	4	4
Housing and Development										
Planning Department	2	1	2	3	3	3	4	5	5	5
Public Safety										
Police	61	57	54	58	65	63	64	68	75	78
Code Enforcement	4	4	3	2	3	3	3	3	4	6
Fire	51	46	46	47	50	48	50	57	62	62
Jail	42	40	1	1	1	1	1	1	0	0
E-911 Communications	9	10	8	0	-	-	-	-	0	0
Public Works										
Building and Grounds	4	3	3	1	4	3	3	1	4	4
Streets	16	12	13	13	14	14	15	22	23	23
Water and Sewer	9	10	10	9	9	9	9	9	9	9
Parks and Recreation	6	6	5	4	5	4	9	10	10	10
Operations	-	0	1	1	1	2	2	3	5	5
Total	226	212	168	157	176	170	182	200	222	231

**Source:** Human Resources

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

**CITY OF UNION CITY, GEORGIA**

**OPERATING INDICATORS BY FUNCTION**

**LAST TEN CALENDAR YEARS**

Function	Calendar Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fire</b>										
Inspections Conducted	948	998	879	756	3	1,171	890	937	755	<b>633</b>
<b>Police</b>										
Number of Law Violations										
Physical Arrests	2,437	1,816	1,028	1,263	907	812	836	932	789	<b>1,246</b>
Traffic and Parking Violations	15,006	8,673	6,257	6,067	5,078	3,391	4,650	9,000	5,945	<b>7,769</b>
<b>Public Service - Sewerage System</b>										
Daily Average Treatment in Gallons	1,553,414	1,922,000	1,922,000	1,922,000	1,922,000	1,715,000	# 2,878,000	2,878,000	1,849,290	<b>1,901,430</b>
Max. Daily Capacity of Plant in Gallons	2,400,000	3,713,000	3,713,000	3,713,00	3,713,000	3,982,200	# 3,982,200	3,982,200	3,682,200	<b>3,682,200</b>
Service Connections	4,206	4,100	4,100	4,100	4,100	4,100	4,100	5,211	5,211	<b>6,313</b>
<b>Public Service - Streets</b>										
Highway and Streets Resurfacing	17	6	5	3	2	0	# 22	22	3	
<b>Public Service - Water System</b>										
Daily Average Consumption in Gallons	1,200,000	1,110,000	1,110,000	1,110,000	1,200,000	1,357,672	1,400,000	1,400,000	1,520,465	<b>1,694,097</b>
Max. Daily Capacity of Plant in Gallons	Purchased 4,523	Purchased 4,500	Purchased 4,506	Purchased 4,506	Purchased 4,506	Purchased 4,506	Purchased 4,506	Purchased 5,530	Purchased 5,530	<b>Purchased 6,630</b>

**Source:** Various City Departments

**Notes:** Indicators are not available for the general government or culture and recreation functions.  
Departments maintain statistical information on a calendar-year basis.

**CITY OF UNION CITY, GEORGIA**

**CAPITAL ASSETS STATISTICS BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Culture and Recreation</b>										
Park Acreage	34	34	34	34	34	34	55	55	55	<b>55</b>
Parks	2	2	2	2	2	2	2	2	2	<b>2</b>
Tennis Courts	0	0	0	0	0	0	1	1	1	<b>1</b>
Baseball Fields	2	5	5	5	5	5	5	5	5	<b>5</b>
Community Centers & Depot	2	2	2	2	2	2	2	3	3	<b>3</b>
<b>Fire</b>										
Fire Stations	3	3	3	3	3	3	3	3	3	<b>3</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	<b>1</b>
Patrol Units	48	48	56	56	64	68	44	61	66	<b>105</b>
Patrol Zones	5	5	5	5	5	5	5	5	5	<b>5</b>
<b>Public Service - Sewerage System</b>										
Sanitary Sewer (Miles)	79.9	79.9	90.0	90	90	90	90	90	90	<b>91</b>
Treatment Plants	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Public Service - Streets</b>										
Streets (Miles)	115.1	115.1	115.7	115.7	115.7	115.7	115.7	115.7	115.7	<b>115.7</b>
Streets (Lights)	1,068	1,188	1,188	1188	1223	1205	1236	1242	1242	<b>1255</b>
<b>Public Service - Water System</b>										
Water Mains (Miles)	69	68	80	80	80	80	80	80	80	<b>112</b>
Number of Fire Hydrants	540	565	591	591	591	591	591	591	591	<b>886</b>

**Source:** Various City Departments



## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the fiscal year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 12, 2022. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

### **The City's Response to Finding**

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

### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 12, 2022



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Union City, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended August 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

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### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended August 31, 2021.

### **Report on Internal Control over Compliance**

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

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

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

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 12, 2022

**CITY OF UNION CITY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Total Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Office of Community Planning and Development</b>			
Passed through Fulton County, Georgia:			
Community Development Block Grant	14.218	B-19-UC-13-0063	\$ 200,000
Community Development Block Grant	14.218	B-20-UC-13-0003	89,630
Community Development Block Grant	14.218	B-20-UW-13-0003	73,603
Total CDBG Entitlement Grants Cluster			<u>363,233</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>363,233</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Georgia Office of Highway Safety:			
Highway Visibility Enforcement	20.600	GA-2021-F.A.S.T. 402 PT-155	48,406
Total Highway Visibility Enforcement			<u>48,406</u>
<b>Total U.S. Department of Transportation</b>			<u>48,406</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed through Fulton County, Georgia:			
COVID-19 - Coronavirus Relief Fund (1)	21.019	N/A	949,431
Direct Awards:			
American Rescue Plan Act - EMS	21.027	N/A	396,000
<b>Total U.S. Department of Treasury</b>			<u>1,345,431</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Direct Awards:			
Assistance to Firefighters Grant Program	97.044	EMW-2019-FG-08775	85,471
Staffing for Adequate Fire and Emergency Response Grants Program (SAFER)	97.083	EMW-2017-FH-00494	422,019
<b>Total U.S. Department of Homeland Security</b>			<u>507,490</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,264,560</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

(1) There is no grant identification number available for the COVID-19 - Coronavirus Relief Fund. Amounts were received directly from Fulton County, Georgia.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Union City, Georgia, and is presented on the modified accrual basis of accounting.

The City did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

# CITY OF UNION CITY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

#### Federal Awards

Internal Control over major federal programs:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section 516(a)?

☐ Yes ☒ No

Identification of major federal programs:

Name of Federal Program or Cluster

COVID-19 Coronavirus Relief Fund

Assistance Listing Number

21.019

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

# CITY OF UNION CITY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

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### SECTION II FINANCIAL STATEMENT FINDINGS

#### 2021 – 001      State Compliance – Governmental Budgets

**Criteria:** As detailed in the Official Code of Georgia Annotated (OCGA) section 36-81-3, the City is required to adopt and operate under an annual balanced budget for the General Fund, each special revenue fund, and to adopt and operate under a project-length balanced budget for each capital projects fund in use by the City. If an annual budget is adopted for a capital projects fund, that budget is required to be balanced.

**Condition:** The City's internal controls did not detect that the original and final budgets adopted in its Federal Seized Funds Fund and Capital Projects Fund did not balance.

**Context/Cause:** During our review of the budget-to-actual revenues and expenditures, we noted that the original budgets adopted by the City for its Federal Seized Funds Fund and its Capital Projects Fund were not in balance for the fiscal year ended August 31, 2021.

**Effect:** The City's original and final budgeted expenditures in the City's Federal Seized Funds Fund exceeded its revenues and available fund balance by \$1,972 as of August 31, 2021. Additionally, the City's original and final budgeted expenditures for its Capital Projects Fund exceeded its revenues and available fund balance by \$2,616,249 for the fiscal year ended August 31, 2021.

**Recommendation:** We recommend the City carefully review its annual budgets to ensure that they balance and that they do not budget expenditures in excess of revenues and available fund balance.

**Auditee's Response:** We will improve upon our budgetary mechanisms to ensure that each annual budget is in balance and that we do not budget expenditures in excess of revenues and available fund balance.



**CITY OF UNION CITY, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

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**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF UNION CITY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

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**2020 – 001 Balanced Budget**

**Condition:** The City's internal controls did not detect that the original budgets adopted in its Tax Allocation District Fund and Capital Projects Fund were out of balance

**Status:** This issue was not corrected during the fiscal year ended August 31, 2021. See finding 2021-001.



THE CITY OF  
**UNION CITY**  
GEORGIA

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021**

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**2021-001 State Compliance – Governmental Budgets**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Tarsha Calloway,  
Finance Director.

**Corrective Action Plan:** The City will implement budgets for each special revenue fund and capital projects fund on an annual basis beginning in the fiscal year ended August 31, 2022 to bring the City into compliance with State law.

**Anticipated Completion Date:** August 31, 2022

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**APPENDIX B**  
**SUMMARIES OF THE PRINCIPAL DOCUMENTS**

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## SUMMARIES OF THE PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Resolution and Contract. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Resolution and the Contract. Copies of the Resolution and the Contract are on file with the City.

## DEFINITIONS OF CERTAIN TERMS

The following is a summary of the definitions of certain terms contained in the Resolution and Contract.

**“Act”** means the Act of the General Assembly creating the Authority (2022 Georgia Laws Act 676 (H.B. 1552) as amended from time to time.

**“Authority”** means Union City Public Facilities Authority, and its successors or assigns.

**“Authorized City Representative”** means the person at the time designated to act on behalf of the City by written certificate furnished to the Authority and the Project Fund Custodian, containing the specimen signature of such person and signed on behalf of the City by its Mayor or Mayor-Pro Tem. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

**“Bond Registrar”** means the commercial bank appointed by the Authority to serve as bond registrar pursuant to the Resolution.

**“Bonds”** means the Authority’s Revenue Bonds (Union City Project), Series 2022.

**“Book-Entry Form”** or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Bonds and bond service charges may be transferred only through book-entry and (b) physical Bonds in fully registered form are registered only in the name of a Securities Depository or a Securities Depository Nominee as holder, with physical Bonds in the custody of a Securities Depository or a Securities Depository Nominee.

**“City”** means the City of Union City, Georgia, and its successors or assigns.

**“Completion Date”** means the date that the Project is completed.

**“Contract”** means the Intergovernmental Contract, dated as of November 1, 2022, between the Authority and the City, as amended from time to time.

**“Contract Payments”** means the amount sufficient to pay the principal of and interest on the Bonds coming due on the next succeeding Interest Payment Date; provided, however, the City will receive a credit against any Contract Payment to the extent moneys are on deposit in the Sinking Fund and not previously credited to the Contract Payments.

**“Disclosure Certificate”** means the written undertakings executed by the City in connection with the issuance of the Bonds as required by the Rule.

**“Fiscal Agents”** means the Paying Agent, the Bond Registrar, the Project Fund Custodian and the Sinking Fund Custodian.

**“Funds”** means the Project Fund and the Sinking Fund.

**“Government Obligations”** means (a) obligations of the United States and (b) obligations fully insured or guaranteed by the United States.

**“Interest Payment Date”** means each April 1 and October 1.

**“Paying Agent”** means the commercial bank appointed by the Authority to serve as Paying Agent in accordance with the terms of the Resolution.

**“Project Fund”** means the Union City Public Facilities Authority Project Fund created in the Resolution.

**“Project Fund Custodian”** means the commercial bank appointed by the Authority to maintain the Project Fund in accordance with the terms of the Resolution.

**“Project”** means the construction and equipping of a greenway trail system, a fire station, streetscape, turf replacement, a splash pad and any other capital projects listed in the 2019 Union City Master Plan.

**“Resolution”** means the resolution of the Authority adopted on October 4, 2022, authorizing the issuance of the Bonds, as supplemented from time to time.

**“Revenue Bond Law”** means the Revenue Bond Law of the State (O.C.G.A. Section 36-82-60 *et seq.*, as amended).

**“Rule”** means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

**“Securities Depository”** means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interest in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

**“Securities Depository Nominee”** means any nominee of a Securities Depository and initially means Cede and Co., New York, New York, as nominee of The Depository Trust Company.

**“Security”** means the Contract (except for the Unassigned Rights), the Contract Payments and the moneys and investments on deposit in the Funds.

**“Sinking Fund”** means the means the Union City Public Facilities Authority Sinking Fund created in the Resolution.

**“Sinking Fund Custodian”** means the commercial bank appointed by the Authority to maintain the Sinking Fund in accordance with the terms of the Resolution.

**“Sinking Fund Investments”** means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

**“State”** means the State of Georgia.

**“Unassigned Rights”** means the Authority’s right to receive notices and to indemnification.



## THE RESOLUTION

### Funds

*Generally.* Under the terms of the Resolution, the Authority has established the following funds:

- (a) Project Fund; and
- (b) Sinking Fund.

*Project Fund.* Under the Resolution, a special trust fund is created and designated as the “Union City Public Facilities Authority Project Fund.” The Project Fund will be kept as a trust fund with the Project Fund Custodian separate from other deposits of the Authority.

All payments from the Project Fund will be made by wire transfer or checks signed by the Project Fund Custodian or an Authorized City Representative. Before any such payments shall be made, there will be filed with the Project Fund Custodian:

- (a) A requisition for such payment stating each amount to be paid, and the name of the person, firm or corporation to whom payment thereof is due; and
- (b) A certificate signed by an Authorized City Representative, attached to the requisition and certifying that (i) an obligation in the stated amount has been incurred by the City, (ii) the same is a proper charge against the Project Fund and has not been paid or the subject of another requisition and (iii) the bill or statement of account for such obligation is attached to the certificate or on file with the City.

All requisitions and certificates required by the Resolution will be retained either by the Project Fund Custodian or by the City, subject at all times to inspection by any officer of the Authority or any owner of the Bonds.

After all costs of the Project and the costs of issuing the Bonds have been paid the City will so notify the Project Fund Custodian in writing and, upon such notice, all moneys in the Project Fund will be credited to the Sinking Fund and used to pay debt service on the Bonds.

Any moneys held in the Project Fund will be invested or reinvested at the written direction of the City in any investments authorized by the laws of the State.

*Sinking Fund.* Under the Resolution, a special trust fund is created and designated as the “Union City Public Facilities Authority Sinking Fund.” The Sinking Fund will be kept as a trust fund with the Sinking Fund Custodian separate from other deposits of the Authority. All Contract Payments will be deposited into the Sinking Fund for the purpose of paying the principal of and interest on the Bonds as the same become due and payable. Moneys on deposit in the Sinking Fund will be invested or reinvested at the direction of the City only in Sinking Fund Investments.

### Pledge of Security

Except for the Unassigned Rights, the Security is pledged to the payment of the principal of and the interest on the Bonds and all amounts owing under the Resolution. The Security will immediately be subject to the lien of the pledge without any physical delivery thereof or further act. The lien of the pledge will be valid and binding against the Authority and against all parties having claims of any kind against the Authority, whether such claims have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice hereof.

### No Liens

No other obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Security.

## **Defeasance**

When the Sinking Fund Custodian, the Paying Agent or an escrow agent has sufficient moneys or Government Obligations, which, without any reinvestment thereof, will (based upon a verification report of an independent certified public accountant or firm thereof) provide for the payment of all or a portion of the Bonds and the interest due or to become due thereon, such Bonds will be deemed to be paid. The owners of such Bonds will no longer be entitled to the benefits of the security afforded by the Resolution, and such Bonds will, except for the purposes of registration, exchange and transfer, no longer be deemed outstanding thereunder.

## **Events of Defaults**

Each of the following events is an “event of default” under the Resolution: (a) payment of the principal of the Bonds will not be made when the same becomes due and payable; or (b) payment of any installment of interest will not be made when the same becomes due and payable; or (c) an “event of default” has occurred under the Contract; or (d) the Authority makes a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Resolution on the part of the Authority to be performed, and such default will continue for 30 days after written notice, specifying such default and requiring same to be remedied, will have been given to the Authority by any bondholder; provided, however, if the default stated in the notice cannot be corrected within such 30-day period, it will not be a default under the Resolution if the Authority institutes corrective action and diligently pursue it until the default is cured.

## **Remedies**

Upon the happening and continuance of any event of default, then and in every such case any bondholder may proceed, subject to the provisions described below, to protect and enforce the rights of the bondholders under the Resolution by a suit, action or special proceedings in equity, or at law, for the special performance of any covenant or agreement contained in the Resolution or in aid or execution of any power granted in the Resolution, or contained in the Contract or granted in the Contract, or for the enforcement of any proper legal or equitable remedy as such bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law. Notwithstanding the foregoing, the bondholders do not have the right to accelerate the Bonds.

In case any proceeding taken by any bondholder on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondholder, then and in every such case the Authority and the bondholders will be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the bondholders will continue as though no such proceedings had been taken.

No one, or more, owners of the Bonds secured by the Resolution will have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for in the Resolution, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity will be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

No remedy conferred upon the bondholders is intended to be exclusive of any other remedy, or remedies, and each and every such remedy will be cumulative, and will be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity, or by statute.

No delay or omission of any bondholder to exercise any right or power accruing upon any default occurring and continuing as aforesaid, will impair any such default or be construed as an acquiescence therein and every power and remedy given by the Resolution to be owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

## **Supplemental Proceedings**

The Authority may, with the consent of the owners of the Bonds as described below, adopt such resolution or resolutions supplemental to the Resolution as will be deemed necessary or desirable for the purpose of modifying,

altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution or in the Bonds; provided, however, that nothing contained in the Resolution will permit, or be construed as permitting, without the consent of the owners of all the Bonds: (a) the extension of the maturity of any Bond issued under the Resolution; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; (c) the reduction of the percentage of the principal amount of Bonds required for consent to such supplemental resolution; or (d) the creation of any lien on the Security prior to or superior to the lien created as the security for the payment of the Bonds.

The Authority may, without the consent of the owners of the Bonds, adopt such resolution or resolutions supplemental to the Resolution as will be necessary or desirable to (a) cure any ambiguity or formal defect or omission in the Resolution or in any supplemental proceedings; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders by the Authority; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) modify, amend or supplement the Resolution or any proceedings supplemental thereto in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect; (e) make any modification or amendment of the Resolution required in order to make the Bonds eligible for acceptance by the Securities Depository; (f) make any modification or amendment of the Resolution required in order to preserve the tax-exempt status of the Bonds; or (g) make any other changes that in the opinion of counsel are not materially adverse to the interests of the bondholders.

After any supplemental resolution requiring the consent of the bondholders shall have been adopted, the Authority will cause a notice of the adoption of such resolution to be mailed, postage prepaid, to all registered owners of Bonds appearing on the bond registration book kept by the Bond Registrar.

No supplemental resolution requiring the consent of the bondholders will become effective unless the owners of at least a majority of the principal amount of Bonds outstanding have filed with the Authority within three months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers, which proof will be such as is permitted by the Resolution.

## **THE CONTRACT**

### **Agreement to Construct and Equip the Project**

The City will be solely responsible for the construction and equipping of the Project. The City will prepare the Requisitions required by the Resolution.

The City has agreed to obtain all necessary approvals from any and all governmental agencies requisite to the construction and equipping of the Project. The Project will be constructed and equipped in compliance with all federal, state and local laws, ordinances and regulations applicable thereto. The City will take such action and institute such proceedings as it deems appropriate to assure that the construction and equipping of the Project will proceed in an efficient and workmanlike manner.

The City will construct and equip the Project with all reasonable dispatch and will use its best efforts to cause the construction and equipping of the Project to be completed as soon as may be practical, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the City excepted.

The Completion Date will be evidenced to the Project Fund Custodian and the Authority by a completion certificate signed by an Authorized City Representative

The Authority has not made any warranty, either express or implied, that the proceeds derived from the sale of the Bonds will be sufficient to pay all the costs of the Project. In the event that the proceeds derived from the sale of the Bonds are insufficient to pay all the costs of Project intended to be financed with Bond proceeds, the City will pay the remaining costs.

**Effective Date; Contract Term**

The Contract will become effective as of its date of execution and delivery, and the obligations created by the Contract will then begin, and, subject to the other provisions of the Contract, the Contract will expire on April 1, 2043 or if at said time and on said date all of the Bonds have not been paid in full then on such date as such payment will have been made, but in no event in excess of 50 years.

**Contract Payments**

The City has agreed to pay the Contract Payments at least one day before the applicable Interest Payment Date on the Bonds. The Authority has assigned the Contract Payments to the owners of the Bonds, and the City has consented to such assignment. Pursuant to the Contract, the Authority has directed the City to make the Contract Payments directly to the Sinking Fund Custodian. In the event the City should fail to make any of the Contract Payments, the item or installment so in default will continue as an obligation of the City until the amount in default will have been fully paid, and the City has agreed to pay the same with interest thereon at the rate borne by the Bonds, to the extent permitted by law, from the date thereof.

**Prepayment of Contract Payments**

The City may prepay the Contract Payments in whole or in part at any time and may elect to apply such prepayments to redeem Bonds in accordance with the provisions of the Resolution.

**Obligations of City Absolute and Unconditional**

The obligations of the City to make the Contract Payments and to perform and observe the other agreements on its part contained in the Contract will be absolute and unconditional. Until such time as the principal of and interest on the Bonds outstanding under the Resolution has been paid in full or provision for the payment thereof has been made in accordance with the Resolution, the City (a) will not suspend or discontinue any Contract Payments except to the extent the same can be and have been prepaid, (b) will perform and observe all of its other agreements contained in the Contract and (c) will not terminate the Contract for any cause, including, without limiting the generality of the foregoing, failure of the City to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Contract or the Resolution. However, nothing contained in the Contract will be construed to release the Authority from the performance of any of the agreements on its part contained in the Contract; and if the Authority should fail to perform any such agreement, the City may institute such action against the Authority as the City may deem necessary to compel performance as long as such action will not do violence to or adversely affect the agreements on the part of the City to make the Contract Payments.

**Tax Levy to Pay Contract Payments**

The City agreed to (a) levy an ad valorem tax, unlimited as to rate or amount, on all property located within the City subject to such tax in the amounts necessary to make the Contract Payments and (b) make available and use for such Contract Payments all taxes levied and collected for that purpose. The City has also agreed that it will, in its general revenue, appropriation, and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to timely make the Contract Payments. The obligation of the City to pay the Contract Payments will constitute a general obligation for which the full faith, credit, and taxing power of the City are pledged.

**Maintenance and Operation of the Project**

The City agreed to maintain the Project in good working order. The City also agreed to operate the Project or to cause the Project to be operated and to pay all costs of operating the Project or to cause all costs of operating

the Project to be paid, including, without limitation, salaries, wages, employee benefits, the payment of any contractual obligations incurred pertaining to the operation of the Project, cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, any incidental expenses and such other charges as may properly be made for the purpose of operating the Project in accordance with sound business practice.

### **Insurance**

The City has agreed to insure the Project or to cause the Project to be insured in accordance with the customary insurance practices of agencies and governmental authorities operating similar facilities. All insurance policies will be obtained from reputable insurance companies licensed to do business in the State. If the City maintains general liability insurance with respect to the Project, the Authority will be named as an additional insured, unless the policy prohibits it.

### **Payment of Fees of Fiscal Agents**

The City will pay the Fiscal Agents for their services under the Resolution.

### **Compliance with Resolution**

The Authority has agreed to comply with all of its obligations under the Resolution.

### **Indemnification**

To the extent permitted by law, the City has agreed to release the Authority from and to indemnify the Authority (and its members, officers and employees) for any and all liabilities and claims against the Authority arising from the issuance of the Bonds and the City's construction, equipping and operation of the Project, including without limitation, (a) any condition of the Project, (b) any breach or default on the part of the City in the performance of any of its obligations under the Contract, (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees, (d) any act or negligence of any assignee or lessee of the City, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the City or (e) any material misstatement or omission in connection with the sale of the Bonds. Notwithstanding the foregoing, the City will not be required to indemnify the Authority for its gross negligence or willful misconduct.

If any such claim is asserted, the Authority or any individual indemnified in the Contract, as the case may be, will give prompt written notice to the City, and the City will promptly assume the defense thereof, including the employment of counsel and payment of all expenses of such defense, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority will have the right to approve in writing all counsel engaged by the City to conduct such defense, which approval will not be unreasonably withheld.

The Authority will have the right to employ separate counsel in any such action and to participate in the defense thereof, but the City will not be required to pay the fees and expenses of such separate counsel unless the separate counsel is employed with the approval of the City, or the Authority determines that it has defenses that are different from the City. The City will not unreasonably withhold its approval of such separate counsel.

Notwithstanding anything in the Contract to the contrary, the indemnification provisions of the Contract will survive the termination of the Contract.

### **Disclosure Certificate**

The City has agreed to comply with its obligations under the Disclosure Certificate; provided, however, a failure of the City to comply with its obligations under the Disclosure Certificate will not constitute a default or an event of default and the only action that may be taken under the Contract is an action for specific performance.

## **Tax Covenants**

The Authority and the City have agreed to do all things necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and not to do anything that would adversely affect such exclusion.

## **Assignments**

Except for the assignment of the Contract pursuant to the Resolution, the Contract may not be assigned, as a whole or in part, by the Authority. The Authority has assigned this Contract to the owners of the Bonds, and the City has consented to such assignment.

The Contract may not be assigned, as a whole or in part, by the City without the consent of the Authority. No assignment will relieve the City from primary liability for any obligations under the Contract, and in the event of any such assignment the City will continue to remain primarily liable for payment of the Contract Payments and for performance and observance of the other agreements on its part in the Contract provided to be performed and observed by the City to the same extent as though no assignment had been made.

## **Events of Default**

The following are “events of default” under the Contract:

- (a) Failure by the City to make the Contract Payments when due; or
- (b) Failure by the City or the Authority to observe and perform any covenant, condition or agreement of the Contract on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City or the Authority, as appropriate, by the non-defaulting party, the bondholders or any other assignee of the Authority, unless the non-defaulting party and the bondholders will agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the 30-day period, the non-defaulting party and the bondholders may not unreasonably withhold their consent to an extension of such time if it is possible to correct such failure and corrective action is instituted within the applicable period and diligently pursued until the default is corrected; or
- (c) Any representation in the Contract shall be untrue.
- (d) An “Event of Default” shall have occurred under the Resolution.

## **Remedies**

Whenever any event of default referred to above will have happened and be existing, the non-defaulting party or the owner of any of the Bonds may take any action and pursue any remedy available under the Resolution and the laws of the State, including, without limitation, bringing an action for specific performance. Notwithstanding the foregoing, the bondholders do not have the right to accelerate the Bonds.

No remedy conferred in the Contract is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Contract or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrence of any event of default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved in the Contract, it will not be necessary to give any notice, other than such notice or notices as may be expressly required by the Contract. Such rights and remedies as are given to the Authority under the Contract will also extend to the bondholders, and the bondholders will be deemed third party beneficiaries of all covenants and agreements contained in the Contract.

If an event of default occurs under the Contract and the non-defaulting party should employ attorneys or consultants or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Authority contained in the Contract, the defaulting party has agreed that it will on demand therefor pay to the non-defaulting party or the bondholders the reasonable fee of such attorneys and consultants and such other reasonable expenses so incurred by the non-defaulting party and the bondholders.

If any agreement contained in the Contract should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach thereunder.

### **Third Party Beneficiaries**

The owners of the Bonds secured by the Contract are third-party beneficiaries thereof.

### **Amendments, Changes and Modifications**

The Contract may be amended, changed and modified without the consent of the owners of the Bonds to (a) cure any ambiguity or formal defect or omission in the Contract; (b) grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon bondholders by the City; (c) further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (d) conform to supplements to the Resolution; or (e) make any other amendments, changes and modifications that in the opinion of counsel are not materially adverse to the interest of the bondholders. Any other amendments, changes and modification in the Contract will become effective only with the consent of the owners of a majority in aggregate principal amount of the Bonds secured by the Contract. In no event, however, may any such amendments, changes and modifications permit (a) the reduction of Contract Payments required to be made to ensure the payment of the Bonds and the other obligations secured by the Resolution; or (b) the reduction of the percentage of the principal amount of the Bonds required for consent to any such amendment, change or modification.

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**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

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# MURRAY BARNES FINISTER LLP

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

November 15, 2022

City of Union City, Georgia  
Union City, Georgia

Hilltop Securities Inc.  
Dallas, Texas

Union City Public Facilities Authority  
Union City, Georgia

U.S. Bank Trust Company, National Association  
Atlanta, Georgia

Re: \$18,615,000 Union City Public Facilities Authority Revenue Bonds (Union City Project), Series 2022

To the Addressees:

We have acted as Bond Counsel and Disclosure Counsel to the City of Union City, Georgia in connection with the issuance by the Union City Public Facilities Authority (the “Authority”) of its \$18,615,000 in aggregate principal amount of its Revenue Bonds (Union City Project), Series 2022 (the “Bonds”). In our capacity as Bond Counsel, we have examined (a) the Constitution and laws of the State of Georgia, including specifically the Act of the General Assembly creating the Authority (the “Act”) and the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*, as amended); (b) the resolution of the Authority adopted on October 4, 2022 (the “Resolution”) authorizing, among other things, the issuance of the Bonds; (c) a certified copy of the transcript of the validation proceeding concluded in the Superior Court of Fulton County, Georgia related to the Bonds; and (d) such other documents, records, agreements, certificates and opinions as we have considered necessary or appropriate to enable us to render the opinions expressed herein. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

The Bonds are being issued for the purpose of (a) financing the construction and equipping of a greenway trail system, a fire station, streetscape, turf replacement, a splash pad and any other capital projects listed in the 2019 Union City Master Plan and (b) paying the costs of issuing the Bonds.

The Authority and the City have entered into an Intergovernmental Contract, dated as of November 1, 2022 (the “Contract”), pursuant to which the Authority has agreed to, among other things, issue the Bonds, and the City has agreed to, among other things, (a) construct, equip and operate the Projects, (b) pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Bonds (the “Contract Payments”) and (c) levy an ad valorem property tax,

unlimited as to rate or amount, on all property in the City subject to such tax in order to make such Contract Payments.

The Bonds are secured by a first lien on the Contract (except for the Unassigned Rights), the Contract Payments and moneys and investments on deposit in the Project Fund and the Sinking Fund (the "Security").

In rendering our opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, we have (a) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the Authority and the City, and representations of the Authority and the City (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (b) assumed continued compliance by the Authority and the City with their covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such certificates or representations or the failure of the Authority or the City to comply with any of such covenants may cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

In our capacity as Bond Counsel, we express no opinion (a) with respect to the accuracy, completeness or sufficiency of the Official Statement or any other offering materials distributed in connection with the offering or sale of the Bonds or (b) as to compliance by the Authority, the City or the initial purchasers of the Bonds with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Bonds.

Based upon the foregoing, we are of the opinion as of this date that:

(1) The Authority is a duly created and validly existing public body corporate and politic of the State of Georgia with the corporate power to (a) adopt the Resolution and perform its obligations thereunder; (b) issue, execute, deliver and perform its obligations under the Bonds; and (c) execute, deliver and perform its obligations under the Contract.

(2) The Resolution has been duly adopted by the Authority and constitutes a legal, valid, binding and enforceable obligation of the Authority. The Resolution creates a lien on the Security as security for the Bonds.

(3) The Bonds have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding limited obligations of the Authority, payable solely from the Security. The Bonds have been validated by the Superior Court of Fulton County as required by law.

(4) The Contract has been duly authorized, executed and delivered by the Authority and the City and constitutes a legal, valid, binding and enforceable obligation

of the Authority and the City; provided, however, no opinion is given with respect to the enforceability of the indemnification provisions contained therein.

(5) Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on the Bonds.

(6) The interest on the Bonds is exempt from all present State of Georgia income taxes.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

MURRAY BARNES FINISTER LLP

By: \_\_\_\_\_  
A Partner

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Union City, (the “City”) in connection with the issuance by the Union City Public facilities Authority (the “Authority”) of its Revenue Bonds (Union City Project), Series 2022 in an aggregate principal amount of \$18,615,000 (the “Bonds”). The City hereby covenants and agrees as follows:

SECTION 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. **Definitions.** In addition to the definitions set forth in the Resolution (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to the Rule and this Disclosure Certificate.

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

“Dissemination Agent” shall mean any person(s) appointed from time to time by the City to assist in carrying out its obligations under this Disclosure Certificate.

“EMMA” means the MSRB’s Electronic Municipal Market Access System, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means any period of twelve consecutive months adopted by the City, as the case may be, as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on September 1 of each calendar year and ending on August 31 of the following calendar year.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” means the Official Statement of the City relating to the Bonds.

“Participating Underwriter” means Hilltop Securities Inc.

“Resolution” means the bond resolution adopted by the Authority on October 4, 2022.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Georgia.

SECTION 3. Provision of Annual Reports.

(a) *Annual Report.*

Not later than 270 days after the end of each Fiscal Year (the “Reporting Date”), commencing with Fiscal Year 2022, the City shall file, or shall cause the Dissemination Agent to file an Annual Report on EMMA. Not later than 15 business days prior to the Reporting Date, the City shall provide the Annual Report to the Dissemination Agent (if any). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report in the event that the audited financial statements have not been completed by the Reporting Date. In the event that the audited financial statements have not been completed by the Reporting Date, the City shall include its unaudited financial statements (excluding notes) in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements are expected to be filed on EMMA. The City shall file the audited financial statements on EMMA when they are available.

(b) The City or the Dissemination Agent (if any) shall also:

(i) determine each year prior to the Reporting Date the manner of filing with EMMA; and

(ii) if the Annual Report is not filed by the date required in subsection (a), file a notice on EMMA in substantially the form attached as Exhibit A in a timely manner.

(c) If the City retains a Dissemination Agent, the Dissemination Agent shall file a report with the City certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and the date filed.

SECTION 4. Content of Annual Reports. The City’s Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The City’s basic financial statements for the preceding Fiscal Year, which are to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the City, a narrative description (as required by Section 8 of this Disclosure Certificate) of the impact of the changes on the City.

(c) To the extent not included in items provided pursuant to subsection (a) above, information for the preceding Fiscal Year regarding the following categories of financial information and operating data contained in the Official Statement in the tables under the headings “Property Tax Millage Rates,” “Ad Valorem Property Tax Digest,” “Tax Collections” and “Ten Largest Taxpayers”.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference. The Annual Report shall be in the appropriate electronic format and form prescribed by the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Within ten (10) business days of the occurrence of one of the following Listed Events with respect to the Bonds, the City shall file, or shall cause the Dissemination Agent to file, a notice of such occurrence on EMMA:

(i) Principal and interest payment delinquencies.

- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draw on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Series 2022A Bonds, or other material events affecting the tax status of the Series 2022A Bonds.
- (vii) Modifications to rights of the Beneficial Owners, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
- (xi) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
- (xii) Rating changes.
- (xiii) Bankruptcy, insolvency, receivership or other similar event of the City including any of the following: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
- (xiv) The consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect Beneficial Owners, if material.
- (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.
- (xvii) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
- (b) The Listed Event shall be in the appropriate electronic format and form prescribed by the MSRB.
- (c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Termination of Reporting Obligations. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The City shall notify EMMA that the City's obligations under this Disclosure Certificate have terminated. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the City may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City shall be the Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. (DAC), or its successor in interest.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the City has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) or the first Annual Report after such amendment hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the applicable Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the applicable Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. The City shall file a notice of the change of accounting principles in the same manner as for a Listed Event under Section 5 hereof on or before the effective date of any such amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such action as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a "default" or an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure to any party to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

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

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

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

[Signature Page to Follow]

Date: October 4, 2022.

**CITY OF UNION CITY, GEORGIA**

By: \_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

Date: October 4, 2022.

**Acknowledged and agreed by:**

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

By: \_\_\_\_\_

Name:

Title:

(Continuing Disclosure Certificate)

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Union City Public Facilities Authority

Obligated Person: City of Union City, Georgia

Name of Bond Issue: Union City Public Facilities Authority Revenue Bonds (Union City Project), Series 2022

CUSIP Number: \_\_\_\_\_

Date of Issuance: \_\_\_\_\_, 2022

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report due with respect to the Bonds as required by its Disclosure Certificate, dated \_\_\_\_\_, 2022. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to \_\_\_\_\_.

Dated: \_\_\_\_\_

**CITY OF UNION CITY, GEORGIA**

By: \_\_\_\_\_  
Mayor



EXHIBIT B

NOTICE TO REPOSITORIES OF THE OCCURRENCE OF  
[INSERT THE LISTED EVENT]

Relating to

Union City Public Facilities Authority Revenue Bonds (Union City Project), Series 2022

CUSIP NUMBER \_\_\_\_\_

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 4(a)(ix) shall include the following:

The City hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The City hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is \_\_\_\_]. This notice does not constitute a notice of redemption and no bonds should be delivered to the City as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed \_\_\_\_ to \_\_\_\_ days prior to the redemption date.]

Dated: \_\_\_\_\_

**CITY OF UNION CITY, GEORGIA**

By: \_\_\_\_\_  
Mayor

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