

CITY OF JONESBORO, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

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

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Elected and Appointed Officials	1
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	2-3
Management Discussion and Analysis	4-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11-12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual General Fund	19
Statements of Net Position – Proprietary Fund	20
Statements of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Fund	21
Statements of Cash Flows – Proprietary Fund	22
Notes to the Basic Financial Statements	23-42
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	43
Schedule of City Contributions	44
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	47
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	

Special Revenue Fund – Confiscated Assets Fund	48
Special Revenue Fund – DEA Confiscated Assets	49
Special Revenue Fund – LARP Fund	50
Special Revenue Fund – CDBG 2013 Fund	51
Special Revenue Fund – CDBG 2015 Fund	52
Special Revenue Fund – Hotel Motel Tax Fund	53
Special Revenue Fund – Technology Fund	54
Capital Projects Fund – SPLOST	55
Capital Projects Fund – SPLOST 2015	56
Capital Projects Fund – Downtown Streetscape	57
Capital Projects Fund – URA	58
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	60
By Function and Activity	61
Schedule of Changes by Function and Activity	62
Schedule of Projects Constructed with Special Purpose Sales Tax	63
Independent Auditors’ 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>	64-65

CITY OF JONESBORO, GEORGIA

ELECTED OFFICIALS

MAYOR

Joy Day

CITY COUNCIL

Jack Bruce
Wallace Norrington
Billy Powell
Pat Sebo
Bobby Wiggins
Ed Wise



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jonesboro, Georgia as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jonesboro, Georgia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Schedule of Projects Constructed with 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 section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the City of Jonesboro, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jonesboro, Georgia's internal control over financial reporting and compliance.



Morrow, Georgia
June 29, 2016

CITY OF JONESBORO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management on the City of Jonesboro, we offer readers of the City of Jonesboro's financial statements this narrative overview and analysis of the financial activities of the City of Jonesboro for fiscal year ended December 31, 2015.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$19,294,335 (*net position*). Of this amount, \$5,469,238 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,965,457.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,034,502, a decrease of \$928,231 in comparison with the prior year. Of this amount \$2,750,342 is restricted, \$770,869 is assigned, and \$4,513,291 is unassigned. The unassigned of \$4,513,291 consists of various assets netted against their respective liabilities. See page 15 for a detail and reconciliation to the governmental activities net position.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,531,654 or 111 percent of total general fund expenditures.
- The City's total long-term debt increased by \$2,391,886 during the current fiscal year. Components of this change include bond issuance and additional capital leases netted with principal maturities in installment notes and capital leases.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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.

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

The *statement of activities* presents information showing how the City'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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, street, sanitation, and public works. The business-type activity of the City is solid waste management.

The government-wide financial statements can be found on pages 11 and 13 of this report.

CITY OF JONESBORO MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

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

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

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

The City of Jonesboro maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the seven special revenue funds.

The City adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 19 of this report.

Proprietary fund. The City maintains one type of proprietary fund. *Enterprise funds* (a component of proprietary funds) are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses a utility enterprise fund to account for its sanitation operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitation operation which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 42 of this report.

**CITY OF JONESBORO
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jonesboro, assets exceeded liabilities by \$19,294,335 at the close of the most recent fiscal year.

A portion of the City's net position (61 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Jonesboro, Georgia
Net Position**

	Governmental Activities		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 8,218,194	\$ 9,044,842	\$ (826,648)
Capital assets	<u>14,366,530</u>	<u>9,106,324</u>	<u>5,260,206</u>
Total assets	<u>22,584,724</u>	<u>18,151,166</u>	<u>4,433,558</u>
Deferred outflows of resources	<u>34,038</u>	<u>4,851</u>	<u>29,187</u>
Current liabilities	860,079	821,311	38,768
Long-term liabilities	<u>2,566,484</u>	<u>38,551</u>	<u>2,527,933</u>
Total liabilities	<u>3,426,563</u>	<u>859,862</u>	<u>2,566,701</u>
Deferred inflows of resources	<u>64,686</u>	<u>52,128</u>	<u>12,558</u>
Net position:			
Net investment in capital assets	11,756,094	8,887,774	2,868,320
Restricted	2,069,003	4,925,720	(2,856,717)
Unrestricted	<u>5,302,416</u>	<u>3,430,533</u>	<u>1,871,883</u>
Total net position	<u>\$ 19,127,513</u>	<u>\$ 17,244,027</u>	<u>\$ 1,883,486</u>

**CITY OF JONESBORO
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

**City of Jonesboro, Georgia
Net Position**

	Business-type Activities		
	2015	2014	Change
Current and other assets	\$ 295,616	\$ 143,431	\$ 152,185
Total assets	<u>295,616</u>	<u>143,431</u>	<u>152,185</u>
Current liabilities	128,794	58,580	70,214
Total liabilities	<u>128,794</u>	<u>58,580</u>	<u>70,214</u>
Net position:			
Unrestricted	166,822	84,851	81,971
Total net position	<u>\$ 166,822</u>	<u>\$ 84,851</u>	<u>\$ 81,971</u>

	Total		
	2015	2014	Change
Current and other assets	\$ 8,513,810	\$ 9,188,273	\$ (674,463)
Capital assets	14,366,530	9,106,324	5,260,206
Total assets	<u>22,880,340</u>	<u>18,294,597</u>	<u>4,585,743</u>
Deferred outflows of resources	34,038	4,851	29,187
Current liabilities	988,873	879,891	108,982
Long-term liabilities	2,566,484	38,551	2,527,933
Total liabilities	<u>3,555,357</u>	<u>918,442</u>	<u>2,636,915</u>
Deferred inflows of resources	64,686	52,128	12,558
Net position:			
Net investment in capital assets	11,756,094	8,887,774	2,868,320
Restricted	2,069,003	4,925,720	(2,856,717)
Unrestricted	5,469,238	3,515,384	1,953,854
Total net position	<u>\$ 19,294,335</u>	<u>\$ 17,328,878</u>	<u>\$ 1,965,457</u>

**CITY OF JONESBORO
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

At the end of the current year, the City is able to report positive balances in both categories of net position.

The government's net position increased by \$1,965,457 during the current fiscal year.

The following tabulation summarizes the components of the City's change in net position.

**City of Jonesboro, Georgia
Change in Net Position**

(In millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program Revenues:						
Charges for services	\$ 2.4	\$ 2.4	\$ 0.2	\$ 0.1	\$ 2.6	\$ 2.5
Capital grants and contributions	1.8	1.3	0.0	0.0	1.8	1.3
General Revenues –						
Taxes	2.1	2.0	0.0	0.0	2.1	2.0
Other	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Total Revenues	<u>6.4</u>	<u>5.8</u>	<u>0.2</u>	<u>0.1</u>	<u>6.6</u>	<u>5.9</u>
Expenses:						
Primary government:						
Administrative	1.0	0.7	0.0	0.0	1.0	0.7
Police	2.4	2.4	0.0	0.0	2.4	2.4
Streets and public works	1.1	1.0	0.0	0.0	1.1	1.0
Solid waste	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenses	<u>4.6</u>	<u>4.1</u>	<u>0.1</u>	<u>0.1</u>	<u>4.7</u>	<u>4.2</u>
Increase (decrease) in net position	1.9	1.7	0.1	0.0	1.9	1.7
Net position – beginning of year, as restated	<u>17.2</u>	<u>15.5</u>	<u>0.1</u>	<u>0.1</u>	<u>17.3</u>	<u>15.6</u>
Net position – end of year	<u>\$ 19.1</u>	<u>\$ 17.2</u>	<u>\$ 0.2</u>	<u>\$ 0.1</u>	<u>\$ 19.2</u>	<u>\$ 17.3</u>

Expenses and Program Revenues

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**CITY OF JONESBORO
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

Financial Analysis

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

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$19,127,513, an increase of \$1,883,486 in comparison with the prior year. Of this amount, \$5,302,416 constitutes *unrestricted fund balance*, which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,531,654. As a measure of the general funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 111 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$494,641 during the current fiscal year. The primary factor in this increase was an increase in capital grants.

Capital assets and debt administration

Capital assets. The City's investment in capital assets as of December 31, 2015, amounts to \$14,366,530 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 57.8%.

**City of Jonesboro, Georgia
Capital Assets**

	Governmental Activities	Business-type Activities	Total	
			Current	Prior
Land	\$ 886,520	\$ -	\$ 886,520	\$ 793,644
Buildings	3,038,473	-	3,038,473	3,038,473
Improvements	373,939	-	373,939	373,939
Vehicles	1,034,145	125,480	1,159,625	1,004,172
Machinery and equipment	2,104,514	-	2,104,514	2,087,493
Infrastructure	7,279,200	-	7,279,200	7,279,200
Construction in progress	6,641,924	-	6,641,924	1,016,037
Less accumulated depreciation	<u>(6,992,185)</u>	<u>(125,480)</u>	<u>(7,117,665)</u>	<u>(6,486,634)</u>
Net	<u>\$ 14,366,530</u>	<u>\$ -</u>	<u>\$ 14,366,530</u>	<u>\$ 9,106,324</u>

Additional information on the City of Jonesboro's capital assets can be found in Note 4-D on page 34 and 35 of this report.

CITY OF JONESBORO
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Long-term debt. At the end of the current year, the City had total bond debt outstanding of \$2,500,000. The full amount comprises debt backed by the full faith and credit of the City.

Additional information on the City's long-term debt can be found in Note 4-F on page 36 of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of Jonesboro'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 Office of the City Clerk
City of Jonesboro
124 North Avenue
Jonesboro, Georgia 30236

CITY OF JONESBORO, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,482,072	\$ 295,616	\$ 7,777,688
Taxes receivables	50,011	-	50,011
Intergovernmental receivables	141,598	-	141,598
Other receivables	448,277	-	448,277
Internal balances	19,364	(19,364)	-
Deferred charges (net of accumulated amortization)	76,872	-	76,872
Capital assets:			
Land	886,520	-	886,520
Buildings	3,038,473	-	3,038,473
Improvements	373,939	-	373,939
Vehicles	1,034,145	125,480	1,159,625
Machinery and equipment	2,104,514	-	2,104,514
Infrastructure	7,279,200	-	7,279,200
Construction in progress	6,641,924	-	6,641,924
Accumulated depreciation	<u>(6,992,185)</u>	<u>(125,480)</u>	<u>(7,117,665)</u>
Total assets	<u>\$ 22,584,724</u>	<u>\$ 276,252</u>	<u>\$ 22,860,976</u>
Deferred outflows of resources			
Pension	<u>34,038</u>	<u>-</u>	<u>34,038</u>
Total deferred outflows of resources	<u>34,038</u>	<u>-</u>	<u>34,038</u>
Liabilities			
Accounts payable	31,960	-	31,960
Payroll deductions	12,660	-	12,660
Accrued expenses	45,890	-	45,890
Accrued salaries	26,397	-	26,397
Compensated absences	128,413	-	128,413
Accrued interest	14,611	-	14,611
Net pension liability	556,196	-	556,196
Capital leases	43,952	-	43,952
Unearned revenue	-	109,430	109,430
Non current liabilities:			
Capital leases due in more than one year	66,484	-	66,484
Bond payable due in more than one year	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Total liabilities	<u>3,426,563</u>	<u>109,430</u>	<u>3,535,993</u>
Deferred inflows of resources			
Pension	<u>64,686</u>	<u>-</u>	<u>64,686</u>
Total deferred inflows of resources	<u>64,686</u>	<u>-</u>	<u>64,686</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENT OF NET POSITION – (CONTINUED)
DECEMBER 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	11,756,094	-	11,756,094
Restricted for –			
Capital projects	1,670,823	-	1,670,823
Police activities	328,762	-	328,762
Hotel/Motel	69,418	-	69,418
Unrestricted	<u>5,302,416</u>	<u>166,822</u>	<u>5,469,238</u>
Total net position	<u>\$ 19,127,513</u>	<u>\$ 166,822</u>	<u>\$ 19,294,335</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges For Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:				
Administrative	\$ 971,740	\$ -	\$ (383,397)	\$ -
Police	2,444,823	-	(596,349)	-
Streets and public works	1,098,260	1,811,242	712,982	-
Interest on long-term debt	40,321	-	(40,321)	-
Total governmental activities	<u>4,555,144</u>	<u>1,811,242</u>	<u>(307,085)</u>	<u>(307,085)</u>
Business-type activities:				
Sanitation	115,742	-	-	81,904
Total business-type activities	<u>115,742</u>	<u>-</u>	<u>-</u>	<u>81,904</u>
Total	\$ <u>4,670,886</u>	\$ <u>1,811,242</u>	\$ <u>(307,085)</u>	\$ <u>(225,181)</u>
General revenues:				
Property taxes			190,930	-
Franchise taxes			335,465	-
Sales taxes			1,465,302	-
Alcoholic beverage taxes			58,042	-
Hotel motel taxes			12,747	-
Investment earnings			2,286	67
Contributions and donations			8,529	-
Miscellaneous			117,270	-
Total general revenues			<u>2,190,571</u>	<u>67</u>
Change in net position			1,883,486	81,971
Net position – beginning of period, as restated			<u>17,244,027</u>	<u>84,851</u>
Net position – end of period			\$ <u>19,127,513</u>	\$ <u>166,822</u>
				\$ <u>19,294,335</u>

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

CITY OF JONESBORO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	SPLOST	SPLOST 15	Downtown Streetscape	URA	Other Governmental Funds	Total Governmental Funds
Assets							
Current assets:							
Cash and cash equivalents	\$ 3,301,414	\$ 1,643,547	\$ 366,841	\$ 736,796	\$ 770,869	\$ 662,605	\$ 7,482,072
Taxes receivable	50,011	-	-	-	-	-	50,011
Intergovernmental receivables	-	-	141,598	-	-	-	141,598
Other receivables	447,062	-	-	-	-	1,215	448,277
Due from other funds	839,987	-	-	-	-	3,939	843,926
Total current assets	<u>4,638,474</u>	<u>1,643,547</u>	<u>508,439</u>	<u>736,796</u>	<u>770,869</u>	<u>667,759</u>	<u>8,965,884</u>
Total assets	<u>\$ 4,638,474</u>	<u>\$ 1,643,547</u>	<u>\$ 508,439</u>	<u>\$ 736,796</u>	<u>\$ 770,869</u>	<u>\$ 667,759</u>	<u>\$ 8,965,884</u>
Liabilities							
Current liabilities:							
Accounts payable	\$ 31,960	-	-	-	-	-	\$ 31,960
Payroll deductions	12,660	-	-	-	-	-	12,660
Accrued expenses	45,890	-	-	-	-	-	45,890
Due to other funds	-	-	-	755,159	-	69,403	824,562
Total current liabilities	<u>90,510</u>	<u>-</u>	<u>-</u>	<u>755,159</u>	<u>-</u>	<u>69,403</u>	<u>915,072</u>
Deferred inflow of resources							
Unavailable revenue – property taxes	16,310	-	-	-	-	-	16,310
Fund balances							
Restricted: capital projects	-	1,643,547	508,439	-	-	154,554	2,306,540
Restricted: police activities	-	-	-	-	-	374,384	374,384
Restricted: hotel/motel	-	-	-	-	-	69,418	69,418
Assigned	-	-	-	-	770,869	-	770,869
Unassigned	4,531,654	-	-	(18,363)	-	-	4,513,291
Total fund balances	<u>4,531,654</u>	<u>1,643,547</u>	<u>508,439</u>	<u>(18,363)</u>	<u>770,869</u>	<u>598,356</u>	<u>8,034,502</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 4,638,474</u>	<u>\$ 1,643,547</u>	<u>\$ 508,439</u>	<u>\$ 736,796</u>	<u>\$ 770,869</u>	<u>\$ 667,759</u>	<u>\$ 8,965,884</u>

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

**CITY OF JONESBORO, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015**

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

Total fund balances – total governmental funds	\$ 8,034,502
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,366,530
Deferred charges used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,872
Some of the City’s taxes will be collected after year-end, but are not available soon enough to pay for the current period’s expenditures, and therefore are reported as deferred inflow of resources in the funds.	16,310
Net pension liability	(556,196)
Deferred outflows of resources related to the recording of the net pension liability are recognized as expense over time and, therefore, are not reported in the funds.	34,038
Deferred inflows of resources related to the recording of the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	(64,686)
Long-term liabilities, including bonds payable, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,779,857)</u>
Net position of governmental activities	<u>\$ 19,127,513</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES	General Fund	SPLOST	SPLOST 15	Downtown Streetscape	URA	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 2,063,184	\$ -	\$ -	\$ -	-	\$ 12,747	\$ 2,075,931
Licenses and permits	539,312	-	-	-	-	-	539,312
Intergovernmental	3,000	-	800,763	650,000	-	356,215	1,809,978
Charges for services	49,031	-	-	-	-	-	49,031
Fines and forfeitures	1,696,359	-	-	-	-	48,458	1,744,817
Interest on investments	1,745	1,163	101	94	299	148	3,550
Contributions and donations	8,529	-	-	-	-	-	8,529
Miscellaneous	117,229	-	-	-	-	41	117,270
Program receipts	-	-	-	-	-	103,657	103,657
Total revenues	<u>4,478,389</u>	<u>1,163</u>	<u>800,864</u>	<u>650,094</u>	<u>299</u>	<u>521,266</u>	<u>6,452,075</u>

EXPENDITURES

Current:							
Administrative	807,048	-	-	-	-	7,182	814,230
Police	2,152,305	-	-	-	-	76,993	2,229,298
Street and public works	593,529	-	-	35,000	146	-	628,675
Capital outlay:							
Administrative	199,044	-	-	-	-	-	199,044
Police	105,279	-	-	-	-	35,453	140,732
Street and public works	11,850	2,563,052	292,425	720,159	1,649,284	413,168	5,649,938
Capital lease payments:							
Police	82,128	-	-	-	-	-	82,128
Street and public works	3,294	-	-	-	-	-	3,294
Debt service:							
Principal	120,000	-	-	-	-	-	120,000
Interest	6,579	23,696	-	-	-	-	30,275
Bond issuance costs	-	-	-	-	80,000	-	80,000
Total expenditures	<u>4,081,056</u>	<u>2,586,748</u>	<u>292,425</u>	<u>755,159</u>	<u>1,729,430</u>	<u>532,796</u>	<u>9,977,614</u>
Excess of revenues over expenditures	<u>397,333</u>	<u>(2,585,585)</u>	<u>508,439</u>	<u>(105,065)</u>	<u>(1,729,131)</u>	<u>(11,530)</u>	<u>(3,525,539)</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	SPLOST	SPLOST 15	Downtown Streetscape	URA	Other Governmental Funds	Total Governmental Funds
Other financing sources:							
Proceeds from capital leases	97,308	-	-	-	-	-	97,308
Proceeds from bonds	-	-	-	-	2,500,000	-	2,500,000
Total other financing sources	97,308	-	-	-	2,500,000	-	2,597,308
Net change in fund balance	494,641	(2,585,585)	508,439	(105,065)	770,869	(11,530)	(928,231)
Fund balance – beginning of period	4,037,013	4,229,132	-	86,702	-	609,886	8,962,733
Fund balance – end of period	\$ 4,531,654	\$ 1,643,547	\$ 508,439	\$ (18,363)	\$ 770,869	\$ 598,356	\$ 8,034,502

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

**CITY OF JONESBORO, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Net changes in fund balances – total governmental funds		\$ (928,231)
<p>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 outlays exceeded depreciation in the current period.</p>		
Capital outlay for the current period	5,891,237	
Depreciation expense for the current period	<u>(631,031)</u>	5,260,206
<p>Property taxes are reported as revenues in the funds when the resources are measurable and available. Property taxes are reported as revenues in the Statement of Activities when they represent a legally enforceable claim.</p>		
		(13,445)
<p>Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, has no effect on net position.</p>		
Bond principal payments	120,000	
Proceeds from capital leases	(97,308)	
Capital lease principal payments	85,422	
Proceeds from bonds	(2,500,000)	
Bond issuance costs	80,000	
Amortization	<u>(3,128)</u>	(2,315,014)
<p>The net pension liability did not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.</p>		
		(78,289)
<p>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.</p>		
Accrued interest	(10,046)	
Accrued salaries	(9,466)	
Compensated absences	<u>(22,229)</u>	<u>(41,741)</u>
Change in net position of governmental activities		\$ <u>1,883,486</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>BUDGET AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Taxes:				
Property	\$ 204,170	\$ 204,170	\$ 204,375	\$ 205
Franchise	305,000	305,000	335,465	30,465
Sales	1,300,000	1,300,000	1,465,302	165,302
Alcoholic beverages	60,000	60,000	58,042	(1,958)
Licenses and permits	468,700	468,700	539,312	70,612
Intergovernmental	-	-	3,000	3,000
Charges for services	27,000	41,500	49,031	7,531
Fines and forfeitures	1,554,000	1,554,000	1,696,359	142,359
Investment income	1,000	1,600	1,745	145
Contributions and donations	-	6,287	8,529	2,242
Miscellaneous	97,000	97,000	117,229	20,229
Total revenues	<u>4,016,870</u>	<u>4,038,257</u>	<u>4,478,389</u>	<u>440,132</u>
EXPENDITURES				
Current:				
Administrative	803,592	808,662	807,048	1,614
Police	2,183,000	2,214,230	2,152,305	61,925
Street and public works	759,546	609,509	593,529	15,980
Capital outlay:				
Administrative	30,000	193,400	199,044	(5,644)
Police	125,200	122,030	105,279	16,751
Street and public works	25,000	-	11,850	(11,850)
Capital lease payments:				
Police	76,500	76,500	82,128	(5,628)
Street and public works	3,510	3,510	3,294	216
Total current expenditures	<u>4,006,348</u>	<u>4,027,841</u>	<u>3,954,477</u>	<u>73,364</u>
Debt service:				
Principal	120,006	120,006	120,000	6
Interest	8,516	8,410	6,579	1,831
Total debt service	<u>128,522</u>	<u>128,416</u>	<u>126,579</u>	<u>1,837</u>
Total expenditures	<u>4,134,870</u>	<u>4,156,257</u>	<u>4,081,056</u>	<u>75,201</u>
(Deficiency) Excess of revenues (under) over expenditures	(118,000)	(118,000)	397,333	515,333
Other financing sources				
Proceeds from capital lease	<u>118,000</u>	<u>118,000</u>	<u>97,308</u>	<u>(20,692)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	494,641	<u>494,641</u>
Fund balance – beginning of year			<u>4,037,013</u>	
Fund balance – end of year			<u>\$ 4,531,654</u>	

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

**CITY OF JONESBORO, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2015 AND 2014**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	Sanitation Fund	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 295,616	\$ 138,795
Due from other funds	<u> -</u>	<u> 4,636</u>
Total current assets	<u> 295,616</u>	<u> 143,431</u>
Non-current assets:		
Capital assets		
Machinery and equipment	125,480	125,480
Less accumulated depreciation	<u>(125,480)</u>	<u>(125,480)</u>
Total capital assets (net of accumulated depreciation)	<u> -</u>	<u> -</u>
Total assets	<u>\$ 295,616</u>	<u>\$ 143,431</u>
Liabilities		
Current liabilities:		
Due to other funds	\$ 19,364	\$ -
Unearned revenue	<u>109,430</u>	<u>58,580</u>
Total current liabilities	<u> 128,794</u>	<u> 58,580</u>
Total liabilities	<u> 128,794</u>	<u> 58,580</u>
Net Position		
Unrestricted	<u> 166,822</u>	<u> 84,851</u>
Total net position	<u>\$ 166,822</u>	<u>\$ 84,851</u>

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

CITY OF JONESBORO, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	Sanitation Fund	
	2015	2014
Operating Revenues:		
Charges for services	\$ <u>197,646</u>	\$ <u>143,503</u>
Total operating revenues	<u>197,646</u>	<u>143,503</u>
Operating Expenses:		
Salaries and wages	55,109	49,109
Supplies	47,370	62,612
Insurance	9,254	8,893
Payroll taxes	<u>4,009</u>	<u>3,809</u>
Total operating expenses	<u>115,742</u>	<u>124,423</u>
Income from operations	81,904	19,080
Non-operating Revenues:		
Interest income	<u>67</u>	<u>70</u>
Change in net position	81,971	19,150
Total net position, beginning of year	<u>84,851</u>	<u>65,701</u>
Total net position, end of year	<u>\$ 166,822</u>	<u>\$ 84,851</u>

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

**CITY OF JONESBORO, GEORGIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	Sanitation	
	Fund	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 248,496	\$ 187,958
Cash paid to suppliers for goods and services	(56,624)	(71,505)
Cash paid to employees	<u>(59,118)</u>	<u>(52,918)</u>
Net cash provided by operating activities	<u>132,754</u>	<u>63,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>67</u>	<u>70</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Due from other funds	<u>24,000</u>	<u>235</u>
Net cash provided by (used in) capital financing activities	<u>24,000</u>	<u>235</u>
NET CHANGE IN CASH	156,821	63,840
CASH AT BEGINNING OF YEAR	<u>138,795</u>	<u>74,955</u>
CASH AT END OF YEAR	<u>\$ 295,616</u>	<u>\$ 138,795</u>
 RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net operating income	\$ 81,904	\$ 19,080
Adjustments to reconcile net operating income to net cash used in operating activities:		
Increase in deferred revenue	<u>50,850</u>	<u>44,455</u>
Net cash provided by operating activities	<u>\$ 132,754</u>	<u>\$ 63,535</u>

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

**CITY OF JONESBORO, GEORGIA
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities, if applicable, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

The City of Jonesboro was incorporated December 13, 1859. The City operates under the Mayor and Council form of government and provides general administrative services as authorized by its charter.

The City's combined balance sheet includes the amounts of all City operations. Management of the City has reviewed all potential component units to determine if any should be included in these financial statements. As defined by the Governmental Accounting Standards Board Statement 14, *component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete.*

Management has concluded that there is a blended component unit for the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The Urban Redevelopment Agency was created by the City's elected officials to provide for the financing of construction projects throughout the City. Although legally separate, the Urban Redevelopment Agency is blended as a governmental major fund into the primary government. Separate financial statements for the Agency are not issued.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to 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*.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*; proprietary funds also use the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax, franchise taxes, licenses, and interest 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 government.

The government reports the following major governmental funds:

The *general fund* is the government'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 *SPLOST fund* is used for projects related to the special purpose local option sales tax received.

The *SPLOST 15 fund* is used for projects related to the special purpose local option sales tax received.

The *Downtown Streetscape* is used for projects related to the downtown streetscape work.

The *Urban Redevelopment Agency ("URA")* accounts for the financing and bonds used in construction projects within the City.

The government reports the following major proprietary funds:

The sanitation fund accounts for the activities of the government's solid waste disposal operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Measurement focus, basis of accounting, and financial statement presentation – (continued)

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, including special assessments. 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 *nonoperating* 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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a security bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA Section 45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in the demand deposit checking accounts.

Security for deposits may consist of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia.
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation.
3. Bonds, bills, certificates of indebtedness, notes or other direct obligations of the United States or of the State of Georgia.
4. Bonds, bills, certificates of indebtedness, notes or other direct obligations of the counties or municipalities of the State of Georgia.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. Deposits and investments – (continued)

5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

The City has no custodial credit risk policy that would require additional collateral requirements.

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, and State of Georgia obligations. Investments for the Government are reported at fair value.

2. Receivables and payables

Property taxes were levied on October 19, 2015 based upon property values assessed as of January 1. The City's millage rate is levied on taxable property, which is assessed at 40% of estimated fair market value. Tax bills were mailed on November 2, 2015, and payable on or before January 1, 2016, for the 2015 taxes. Due to this date being so close to the holidays, the City extended the due date to January 5, 2016 before late fees were assessed. The City did not setup a lien date in the current year.

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

3. Inventories

Inventories of governmental funds are accounted for under the purchases method, and accordingly are recorded as expenditures when purchased rather than when consumed.

4. 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 activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Capital assets – (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	20
Automobiles and trucks	5
Machinery and equipment	5/10
Furniture and fixtures	5
Improvements	5/10

5. Compensated absences

It is the City's policy to permit employees to accumulate earned, but unused annual and sick pay benefits. Annual and sick leave each accrue in hours at the rate of 12 days per year. In addition to the regular accrual, an employee shall receive an additional one-day of annual and sick leave for each two years of full-time service with the City, not to exceed twenty-two days per year. Annual leave may be accrued up to 360 hours or 45 days.

There is no limit to the amount of accrual for sick leave. Pay in lieu of accrued personal leave is authorized when an employee is separated from employment. An employee, upon separation from service, shall not be eligible to receive payment for any accumulated sick leave. Unused sick leave at time of separation for retirement shall be added to service time at a rate of twenty days equals one month of service. The government-wide financial statements reflect an accrual for the full earned, but unused vacation pay.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, if any, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

7. Fund equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five categories (1) Non-spendable, (2) Restricted, (3) Committed, (4) Assigned, and (5) Unassigned. *Non-spendable fund balances* refer to amounts that are not in non-spendable form or are legally required to remain intact. *Restricted fund balances* refer to amounts that are subject to externally enforceable legal restrictions by either debt covenants, or laws or regulations of other governments. *Committed fund balances* refer to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. Only the City Council may modify or rescind the commitment. *Assigned fund balances* refer to amounts that are intended to be used for specific purposes. *Unassigned fund balances* refer to the residual net resources and are the excess of non-spendable, restricted, committed, and assigned. Fund expenditures and encumbrances are from restricted fund balance to the extent of the restricted fund revenue and followed by committed then assigned and unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned net position could be used, the City considers committed funds to have been spent first, then assigned and then unassigned.

Equity for government-wide and proprietary fund statements is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on its use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When an expenditure is incurred for purpose for which both restricted and unrestricted net position is available, the City considers restricted funds to have been spent first.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

8. Deferred outflows of resources and deferred inflows of resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City made contributions to the pension plan before year end but subsequent to the measurement date of the City's net pension liability which are reported as deferred outflows of resources.

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

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 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 are recorded as 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 inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

Pensions

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

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(2,779,857) difference are as follows:

Accrued salaries	\$ (26,397)
Accrued interest	(14,611)
Bonds payable	(2,500,000)
Capital leases payable	(110,436)
Compensated absences	<u>(128,413)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position	<u>\$ (2,779,857)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$5,260,206 difference are as follows:

Capital outlay	\$ 5,891,237
Depreciation expense	<u>(631,031)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,260,206</u>

Another element of that reconciliation states that "Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, this transaction has no effect on net position." The details of this \$(2,315,014) difference are as follows:

Principal repayments:	
Installment agreement	\$ 120,000
Proceeds from capital lease	(97,308)
Capital lease	85,422
Proceeds from bonds	(2,500,000)
Bond issuance costs	80,000
Amortization	<u>(3,128)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,315,014)</u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – (Continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(41,741) difference are as follows:

Increase in accrued interest	\$ (10,046)
Increase in accrued salaries	(9,466)
Increase in compensated absences	<u>(22,229)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (41,741)</u>

3. Stewardship, compliance, and accountability

A. Budgetary Information

The annual budget is the financial plan for the operation of the City for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. The City is required to adopt an annual budget no later than the beginning of each fiscal year. The Mayor is required to prepare and submit a budget to the Council for review and adoption. The budget is accompanied by a message from the Mayor containing a statement of general fiscal policies of the City, the important features of the budgets, explanations of the major changes recommended for the next fiscal year, a general summary of the budgets, and such other comments and information as may be deemed pertinent. The Council may approve, reject, or modify the proposed budget. The council holds public hearings and a final budget must be prepared and approved no later than December 31.

Upon recommendation of the Mayor and approval of the Council, the City may make interfund or interdepartmental transfers in the current operating or capital improvements budgets at any regular or special meeting called for such purpose, provided funds are available. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.

Annual budgets are adopted for the General Fund, and Special Revenue Funds.

The legal level of budgetary control is the department level within individual funds. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the recommendation of the Mayor and approval of the Council.

Appropriations lapse at year-end.

Council made several supplemental budgetary appropriations throughout the year.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

3. Stewardship, compliance, and accountability – (Continued)

B. Excess of expenditures over appropriations

The General Fund's administration department had capital outlay expenditures of \$199,044, which exceeded the department's respective appropriations by \$5,644. This was due to expenses happening at the end of the year.

The General Fund's street department had capital outlay expenditures of \$11,850, which exceeded the department's respective appropriations by \$11,850. This was due to expenses being included as current expenditures in the budget.

The General Fund's police department had capital lease payments of \$82,128, which exceeded the department's respective appropriations by \$5,628. This was due to expenses being included as current expenditures in the budget.

The General Fund's proceeds from capital lease did not exceed the fund's respective appropriations by \$97,308. This was due to no amendment for the new capital lease.

The DEA Confiscated Assets Fund had program revenues of \$25,715, which did not exceed the fund's respective appropriations by \$31,555. This was due to there being smaller confiscations than budgeted for.

The CDBG 2015 Fund had intergovernmental revenue and street department capital outlay expenditures for which there was no budget for comparison.

The Technology Fund's police department had current expenditures of \$49,431, which exceeded the department's respective appropriations by \$2,517. This was due expenses being incurred at year end and no amendment to the budget.

The SPLOST Fund had intergovernmental revenues, which did not exceed the fund's respective appropriations by \$145,185. This was due to the last of the SPLOST revenue being received in the prior year.

The SPLOST Fund had debt service interest payments of \$23,696 for which there was no budgeted amount. This was due to interest being included as capital outlay expenditures in the budget.

The Downtown Streetscape Fund had intergovernmental revenue and street department current and capital outlay expenditures for which there was no budget for comparison

The Urban Redevelopment Agency had interest revenue, street department current and capital outlay expenditures, bond proceeds and issuance costs for which there was no budget for comparison.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

4. Detailed notes on all funds

A. Deposits and investments

The City's deposits and investments are subject to interest rate risk and credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. Credit risk is the risk that an issuer or counter party to an investment may not adequately protect the value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increased interest rates.

At year-end, the City's carrying amount of deposits was \$7,777,688 and the bank balance was \$8,070,187. Of the bank balance \$250,000 was covered by federal depository insurance or by collateral held by the City's agent in the City's name. Of the remaining balance, \$7,820,187 was collateralized by the pledging financial institution with securities held in its pooled account as provided for by state statutes.

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST 15</u>	<u>Hotel/ Motel</u>	<u>Total</u>
Receivables:				
Taxes	\$ 50,011	\$ -	\$ -	\$ 50,011
Intergovernmental	-	141,598	-	141,598
Other	<u>447,062</u>	<u>-</u>	<u>1,215</u>	<u>448,277</u>
Gross receivables	<u>\$ 497,073</u>	<u>\$ 141,598</u>	<u>\$ 1,215</u>	<u>\$ 639,886</u>

C. Interfund balances and transfers

Interfund balances and transfers represent amounts transferred among funds to establish new funds, and meet cash flow requirements. Interfund balances and transfers for the year were as follows.

Interfund balances:

Due from: LARP Fund	\$ 56,972
Downtown Streetscape	755,159
Sanitation Fund	<u>19,364</u>
Due to: General Fund	<u>\$ 831,495</u>
Due from: Technology Fund	<u>\$ 3,939</u>
Due to: LARP Fund	<u>\$ 3,939</u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

4. Detailed notes on all funds – (Continued)

D. Capital assets

Capital assets activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 793,644	\$ 92,876	\$ -	\$ 886,520
Construction in progress	<u>1,016,037</u>	<u>5,625,887</u>	<u>-</u>	<u>6,641,924</u>
Total capital assets, not being depreciated	1,809,681	5,718,763	-	7,528,444
Capital assets, being depreciated:				
Buildings	3,038,473	-	-	3,038,473
Improvements	373,939	-	-	373,939
Vehicles	878,692	155,453	-	1,034,145
Machinery and equipment	2,087,493	17,021	-	2,104,514
Infrastructure	<u>7,279,200</u>	<u>-</u>	<u>-</u>	<u>7,279,200</u>
Total capital assets, being depreciated	<u>13,657,797</u>	<u>172,474</u>	<u>-</u>	<u>13,830,271</u>
Less accumulated depreciation for:				
Buildings	990,369	77,304	-	1,067,673
Improvements	305,706	19,715	-	325,421
Vehicles	697,277	68,776	-	766,053
Machinery and equipment	1,623,462	101,276	-	1,724,738
Infrastructure	<u>2,744,340</u>	<u>363,960</u>	<u>-</u>	<u>3,108,300</u>
Total accumulated depreciation	<u>6,361,154</u>	<u>631,031</u>	<u>-</u>	<u>6,992,185</u>
Total capital assets being depreciated, net	<u>7,296,643</u>	<u>(458,557)</u>	<u>-</u>	<u>6,838,086</u>
Governmental activities capital assets, net	<u>\$ 9,106,324</u>	<u>\$ 5,260,206</u>	<u>\$ -</u>	<u>\$ 14,366,530</u>

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

Governmental activities:

Administrative	\$ 70,684
Police	167,516
Streets	<u>392,831</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 631,031</u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

4. Detailed notes on all funds – (Continued)

Capital assets activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	\$ 125,480	\$ -	\$ -	\$ 125,480
Total capital assets, being depreciated	<u>125,480</u>	<u>-</u>	<u>-</u>	<u>125,480</u>
Less accumulated depreciation for:				
Vehicles	125,480	-	-	125,480
Total accumulated depreciation	<u>125,480</u>	<u>-</u>	<u>-</u>	<u>125,480</u>
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

E. Capital leases

The City has entered into lease agreements as lessee for financing the acquisition of police vehicles by means of lease. These agreements qualify as capital leases and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Vehicles	\$ 609,213	\$ 125,480
Machinery and equipment	33,523	-
Less: accumulated depreciation	(441,050)	(125,480)
Total	<u>\$ 201,686</u>	<u>\$ -</u>

Amortization of assets recorded under capital leases is included with depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

<u>Year ending December 31</u>	<u>Governmental Activities</u>
2016	\$ 47,350
2017	43,842
2018	25,423
Less amount representing interest	(6,180)
Present value of minimum lease payments	<u>\$ 110,435</u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

4. Detailed notes on all funds – (Continued)

F. Long-term debt

Series 2015 Revenue Bond

On June 1, 2015, the Urban Redevelopment Agency of the City of Jonesboro, Georgia authorized the issuance and sale of \$2,500,000 in principal amount of its Revenue Bond (The City of Jonesboro, Georgia Project), Series 2015. The proceeds of the Series 2015 Bond will be applied to costs of acquiring, constructing, and installing an urban redevelopment project consisting of various improvements to Lee Street Park.

Annual maturities for the Series 2015 Bond are as follows:

<u>Year ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 70,500	\$ 70,500
2017	150,000	68,385	218,385
2018	150,000	64,155	214,155
2019	155,000	59,855	214,855
2020	160,000	55,413	215,413
2021-2025	875,000	205,508	1,080,508
2026-2030	<u>1,010,000</u>	<u>73,038</u>	<u>1,083,038</u>
	<u>\$2,500,000</u>	<u>\$ 596,854</u>	<u>\$3,096,854</u>

Changes in long-term liabilities:

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Governmental activities:					
*Installment obligations	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
*Capital leases	98,550	97,308	85,422	110,436	43,952
*Bond payable	-	2,500,000	-	2,500,000	-
*Accrued interest	4,565	14,611	4,565	14,611	14,611
*Accrued salaries	16,931	26,397	16,931	26,397	26,397
*Compensated absences	<u>106,184</u>	<u>128,413</u>	<u>106,184</u>	<u>128,413</u>	<u>128,413</u>
Total	<u>\$ 346,230</u>	<u>\$2,766,729</u>	<u>\$ 333,102</u>	<u>\$2,779,857</u>	<u>\$ 213,373</u>

* Typically liquidated with General Fund resources.

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. Other information

A. 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 carries commercial insurance coverage on real and personal property, automobiles, and liability with a private insurance carrier.

B. Related organizations

The Jonesboro Housing Authority is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Jonesboro, Georgia. The City of Jonesboro, Georgia, is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Jonesboro, Georgia, is a related organization.

C. Contingent liabilities

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will most likely not have a material effect on the financial condition of the government.

D. Joint venture

Under Georgia law, the City, in conjunction with other cities and counties in the thirteen County Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. During its year ended December 31, 2015, the City paid all dues assessed. Membership in the ARC is required by the *Official Code of Georgia Annotated* (OCGA) Section 50-8-34 which provides for the organization structure of the Regional Commission (RC) in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Atlanta Regional Commission
40 Courtland St. NE
Atlanta, GA 30303

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. Other information – (Continued)

E. Hotel/Motel tax

The City has levied a lodging tax pursuant to state statutes. A summary of the transactions for the year ended December 31, 2015, follows:

Receipts	
Hotel/Motel tax collected	\$ 12,747
Expenditures	
Visitors Center/Tourism	4,097
Historic Jonesboro	<u>3,085</u>
	<u>\$ 5,565</u>

F. Employee retirement system and pension plans

Defined Benefit Pension Plan

Plan Description –

The City, as authorized by the City Council, has established a non-contributory defined pension plan, City of Jonesboro Retirement Plan (JRP), covering all full-time employees. JRP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. 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 by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire on reaching the age of 65, depending on their classification. Early retirement is possible on reaching the age of 55, depending on the member's classification. In addition, police officers can retire at age 55 and 10 years of service with full benefits. Benefits are calculated at 1.5% to 1.75% of the average monthly earnings for the period of the five highest years' earnings prior to retirement.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	23
Terminated vested participants entitled to but not yet receiving benefits	15
Active participants	43
Active elected officials	<u>4</u>
Total number of participants	<u><u>85</u></u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. Other information – (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 is to contribute an amount equal to the recommended contribution described below. For 2015, the actuarially determined contribution rate was 6.72% of covered payroll. For 2015, the City's contribution to the plan totaled \$118,870.

Net Pension Liability of the City

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

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

Actuarial assumptions: The total pension liability in the March 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% plus service based merit increases
Investment rate of return	7.75%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on results of an actuarial experience study for the period January 1, 2010 – June 30, 2014. There is no cost of living adjustment by the Plan.

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 July 1, 2015 are summarized in the following table:

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. Other information – (Continued)

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected real rate of return*</u>
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Cash	0%	0.00%

* Rates shows are net of the 3.25% assumed rate of inflation.

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

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at December 31, 2014	\$ 2,509,751	\$ 2,048,473	\$ 461,278
Changes for the year:			
Service cost	88,349	-	88,349
Interest	188,558	-	188,558
Differences between expected and actual experience	45,382	-	45,382
Net investment income	-	191,788	(191,788)
Benefit payments, including refunds of employee contributions	(153,488)	(153,488)	-
Administrative expense	-	(8,729)	8,729
Other	(44,312)	-	(44,312)
Net changes	<u>124,489</u>	<u>29,571</u>	<u>(94,918)</u>
Balances at December 31, 2015	<u>\$ 2,634,240</u>	<u>\$ 2,078,044</u>	<u>\$ 556,196</u>

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

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. Other information – (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City’s net pension liability	\$ 857,849	\$ 556,196	\$ 302,405

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 July 1, 2015, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2015, the City recognized pension expense of \$169,598. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expense	\$ 34,038	\$ -
Changes in assumptions	-	(33,234)
Net difference between projected and actual earnings on pension plan investments	-	(31,452)
Total	\$ 34,038	\$ (64,686)

Amounts reports as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (7,863)
2017	(7,863)
2018	(7,863)
2019	(7,863)
	<u>\$ (31,452)</u>

CITY OF JONESBORO, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

6. Post employment benefits

Pursuant to City statutes, employees who retire with 30 or more years of service, but before they have attained the age to be eligible for Medicare benefits, the City provides health care coverage for up to 36 months. For the year 2015, no retired employees were eligible for this health care benefit.

7. Change in accounting principle

The City has determined that restatements to the January 1, 2015 beginning net position of the governmental activities, business-type activities, and Utility Fund were required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in changes to the beginning net position of the governmental activities, business-type activities, and Utility Fund as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities (Utility Fund)</u>
Beginning net position, January 1, 2015 as previously presented	\$ 17,752,582	\$ 84,851
Change in accounting principle	<u>(508,555)</u>	<u>-</u>
Beginning net position, January 1, 2015 as restated	<u>\$ 17,244,027</u>	<u>\$ 84,851</u>

CITY OF JONESBORO, GEORGIA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	2015
Total pension liability	
Service cost	\$ 88,349
Interest	188,558
Differences between expected and actual experience	45,382
Changes of assumptions	(44,312)
Benefit payments, including refunds of employee contributions	<u>(153,488)</u>
Net change in total pension liability	124,489
Total pension liability – beginning	<u>2,509,751</u>
Total pension liability – ending (a)	<u>\$ 2,634,240</u>
Plan fiduciary net position	
Net investment income	\$ 191,788
Benefit payments, including refunds of employee contributions	(153,488)
Administrative expenses	<u>(8,729)</u>
Net change in plan fiduciary net pension	29,571
Plan fiduciary net position – beginning	<u>2,048,473</u>
Plan fiduciary net position – ending (b)	<u>\$ 2,078,044</u>
City's net pension liability – ending (a) - (b)	<u>\$ 556,196</u>
Plan fiduciary net position as a percentage of the total pension liability	78.89%
Covered-employee payroll	1,741,566
City's net pension liability as a percentage of covered employee payroll	31.94%

Notes to the Schedule

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

**CITY OF JONESBORO, GEORGIA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CITY CONTRIBUTIONS

	2015	2014
Actuarially determined contribution	\$ 118,870	\$ 94,338
Contributions in relation to the actuarially determined Contribution	118,870	94,338
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	1,741,566	1,343,039
Contributions as a percentage of Covered-employee payroll	6.83%	7.02%

Notes to the Schedule

Valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increase	3.25% plus service based merit increases

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF JONESBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Confiscated Fund	DEA Confiscated Fund	LARP Fund	CDBG 2013 Fund	CDBG 2015 Fund	Hotel/ Motel Tax Fund	
Current assets:							
Cash and cash equivalents	\$ 181,451	\$ 103,456	\$ 98,655	\$ 154,553	\$ 1	\$ 68,203	\$ 56,286
Other receivables	-	-	-	-	-	1,215	-
Due from other funds	-	-	3,939	-	-	-	-
Total assets	<u>\$ 181,451</u>	<u>\$ 103,456</u>	<u>\$ 102,594</u>	<u>\$ 154,553</u>	<u>\$ 1</u>	<u>\$ 69,418</u>	<u>\$ 56,286</u>

**LIABILITIES AND
FUND BALANCE**

Current liabilities:							
Due to other funds	\$ -	\$ 3,466	\$ 56,972	\$ -	\$ -	\$ -	\$ 8,965
Fund balance:							
Restricted	<u>181,451</u>	<u>99,990</u>	<u>45,622</u>	<u>154,553</u>	<u>1</u>	<u>69,418</u>	<u>47,321</u>
Total liabilities and fund balance	<u>\$ 181,451</u>	<u>\$ 103,456</u>	<u>\$ 102,594</u>	<u>\$ 154,553</u>	<u>\$ 1</u>	<u>\$ 69,418</u>	<u>\$ 56,286</u>
							<u>\$ 598,356</u>

CITY OF JONESBORO, GEORGIA
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Confiscated Fund	DEA Confiscated Fund	LARP Fund	CDBG 2013 Fund	CDBG 2014 Fund	Hotel/ Motel Tax Fund	
REVENUES:							
Program receipts	\$ 77,942	\$ 25,715	-	-	-	-	\$ 103,657
Fines and forfeitures	-	-	-	-	-	-	48,458
Intergovernmental	-	-	-	1	356,214	-	356,215
Hotel/Motel tax	-	-	-	-	-	12,747	12,747
Miscellaneous	-	41	-	-	-	-	41
Interest on investments	77	-	41	-	-	-	148
Total revenues	<u>78,019</u>	<u>25,756</u>	<u>41</u>	<u>1</u>	<u>356,214</u>	<u>12,747</u>	<u>521,266</u>
EXPENDITURES:							
Current:							
Administrative	-	-	-	-	-	7,182	7,182
Police	27,562	-	-	-	-	49,431	76,993
Total current expenditures	<u>27,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,182</u>	<u>84,175</u>
Capital outlay:							
Police	24,178	3,466	-	-	-	-	35,453
Street and public works	-	-	56,971	(16)	356,213	-	413,168
Total capital outlay	<u>24,178</u>	<u>3,466</u>	<u>56,971</u>	<u>(16)</u>	<u>356,213</u>	<u>-</u>	<u>448,621</u>
Total expenditures	<u>51,740</u>	<u>3,466</u>	<u>56,971</u>	<u>(16)</u>	<u>356,213</u>	<u>7,182</u>	<u>532,796</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>26,279</u>	<u>22,290</u>	<u>(56,930)</u>	<u>17</u>	<u>1</u>	<u>(8,752)</u>	<u>(11,530)</u>
Net change in fund balance	26,279	22,290	(56,930)	17	1	(8,752)	(11,530)
Fund balance, beginning of year	<u>155,172</u>	<u>77,700</u>	<u>102,552</u>	<u>154,536</u>	<u>-</u>	<u>63,853</u>	<u>609,886</u>
Fund balance, end of year	<u>\$ 181,451</u>	<u>\$ 99,990</u>	<u>\$ 45,622</u>	<u>\$ 154,553</u>	<u>\$ 1</u>	<u>\$ 69,418</u>	<u>\$ 598,356</u>

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
CONFISCATED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Program revenues	\$ 15,000	\$ 57,270	\$ 77,942	\$ 20,672
Interest on investments	<u>-</u>	<u>100</u>	<u>77</u>	<u>(23)</u>
Total revenues	<u>15,000</u>	<u>57,370</u>	<u>78,019</u>	<u>20,649</u>
EXPENDITURES				
Current:				
Police	<u>15,100</u>	<u>33,192</u>	<u>27,562</u>	<u>5,630</u>
Total current expenditures	<u>15,100</u>	<u>33,192</u>	<u>27,562</u>	<u>5,630</u>
Capital outlay:				
Police	<u>-</u>	<u>24,178</u>	<u>24,178</u>	<u>-</u>
Total capital outlay	<u>-</u>	<u>24,178</u>	<u>24,178</u>	<u>-</u>
Total expenditures	<u>15,100</u>	<u>57,370</u>	<u>51,740</u>	<u>5,630</u>
(Deficiency) Excess of revenues (under) over expenditures	<u>\$ (100)</u>	<u>\$ -</u>	<u>26,279</u>	<u>\$ 26,279</u>
Fund balance, beginning of year			<u>155,172</u>	
Fund balance, end of year			<u>\$ 181,451</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
DEA CONFISCATED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Program revenues	\$ 10,000	\$ 57,270	\$ 25,715	\$ (31,555)
Miscellaneous	-	-	41	41
Interest on investments	<u>30</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>10,030</u>	<u>57,370</u>	<u>25,756</u>	<u>(31,614)</u>
EXPENDITURES				
Current:				
Police	<u>10,030</u>	<u>20,220</u>	<u>-</u>	<u>20,220</u>
Total current expenditures	<u>10,030</u>	<u>20,220</u>	<u>-</u>	<u>20,220</u>
Capital outlay:				
Police	<u>-</u>	<u>37,150</u>	<u>3,466</u>	<u>33,684</u>
Total capital outlay	<u>-</u>	<u>37,150</u>	<u>3,466</u>	<u>33,684</u>
Total expenditures	<u>10,030</u>	<u>57,370</u>	<u>3,466</u>	<u>53,904</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	22,290	<u>\$ 22,290</u>
Fund balance, beginning of year			<u>77,700</u>	
Fund balance, end of year			<u>\$ 99,990</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LARP FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Interest on investments	\$ <u>50</u>	\$ <u>50</u>	\$ <u>41</u>	\$ <u>(9)</u>
Total revenues	<u>50</u>	<u>50</u>	<u>41</u>	<u>(9)</u>
EXPENDITURES				
Capital outlay:				
Street	<u>42,252</u>	<u>56,980</u>	<u>56,971</u>	<u>9</u>
Total expenditures	<u>42,252</u>	<u>56,980</u>	<u>56,971</u>	<u>9</u>
Deficiency of revenues under expenditures	\$ <u>(42,202)</u>	\$ <u>(56,930)</u>	(56,930)	\$ <u> -</u>
Fund balance, beginning of year			<u>102,552</u>	
Fund balance, end of year			\$ <u>45,622</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
CDBG 2013 FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1</u>	\$ <u> 1</u>
Total revenues	<u> -</u>	<u> -</u>	<u> 1</u>	<u> 1</u>
EXPENDITURES				
Capital outlay:				
Street	<u> -</u>	<u> -</u>	<u> (16)</u>	<u> 16</u>
Total expenditures	<u> -</u>	<u> -</u>	<u> (16)</u>	<u> 16</u>
Excess of revenues over expenditures	\$ <u> -</u>	\$ <u> -</u>	17	\$ <u> 17</u>
Fund balance, beginning of year			<u>154,536</u>	
Fund balance, end of year			\$ <u>154,553</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
CDBG 2015 FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 356,214	\$ 356,214
Total revenues	-	-	356,214	356,214
EXPENDITURES				
Capital outlay:				
Street	-	-	356,213	(356,213)
Total expenditures	-	-	356,213	(356,213)
Excess of revenues over expenditures	\$ -	\$ -	1	\$ 1
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 1	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes				
Hotel/Motel tax	\$ <u>12,000</u>	\$ <u>12,970</u>	\$ <u>12,747</u>	\$ <u>(223)</u>
Total revenues	<u>12,000</u>	<u>12,970</u>	<u>12,747</u>	<u>(223)</u>
EXPENDITURES				
Current:				
General and administrative	<u>12,000</u>	<u>12,970</u>	<u>7,182</u>	<u>5,788</u>
Total expenditures	<u>12,000</u>	<u>12,970</u>	<u>7,182</u>	<u>5,788</u>
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>-</u>	5,565	\$ <u>5,565</u>
Fund balance, beginning of year			<u>63,853</u>	
Fund balance, end of year			\$ <u>69,418</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
TECHNOLOGY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fines and forfeitures	\$ 60,000	\$ 45,000	\$ 48,458	\$ 3,458
Interest on investments	<u>-</u>	<u>30</u>	<u>30</u>	<u>-</u>
Total revenues	<u>60,000</u>	<u>45,030</u>	<u>48,488</u>	<u>3,458</u>
EXPENDITURES				
Current:				
Police	<u>60,000</u>	<u>46,914</u>	<u>49,431</u>	<u>(2,517)</u>
Total current expenditures	<u>60,000</u>	<u>46,914</u>	<u>49,431</u>	<u>(2,517)</u>
Capital outlay:				
Police	<u>-</u>	<u>7,799</u>	<u>7,809</u>	<u>(10)</u>
Total capital outlay	<u>-</u>	<u>7,799</u>	<u>7,809</u>	<u>(10)</u>
Total expenditures	<u>60,000</u>	<u>54,713</u>	<u>57,240</u>	<u>(2,527)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ (9,683)</u>	<u>(8,752)</u>	<u>\$ 931</u>
Fund balance, beginning of year			<u>56,073</u>	
Fund balance, end of year			<u>\$ 47,321</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
SPLOST
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ -	\$ 145,185	\$ -	\$ (145,185)
Interest on investments	<u>500</u>	<u>1,163</u>	<u>1,163</u>	<u>-</u>
Total revenues	<u>500</u>	<u>146,348</u>	<u>1,163</u>	<u>(145,185)</u>
EXPENDITURES				
Capital outlay:				
Street	<u>2,400,500</u>	<u>2,586,748</u>	<u>2,563,052</u>	<u>23,696</u>
Total capital outlay	<u>2,400,500</u>	<u>2,586,748</u>	<u>2,563,052</u>	<u>23,696</u>
Debt service:				
Interest	<u>-</u>	<u>-</u>	<u>23,696</u>	<u>(23,696)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>23,696</u>	<u>(23,696)</u>
Total expenditures	<u>2,400,500</u>	<u>2,586,748</u>	<u>2,586,748</u>	<u>-</u>
(Deficiency) Excess of revenues (under) over expenditures	<u>(2,400,000)</u>	<u>(2,440,400)</u>	<u>(2,585,585)</u>	<u>(145,185)</u>
Other financing uses:				
Transfers in	<u>2,400,000</u>	<u>2,440,400</u>	<u>-</u>	<u>(2,440,400)</u>
Total other financing uses	<u>2,400,000</u>	<u>2,440,400</u>	<u>-</u>	<u>(2,440,400)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,585,585)</u>	<u>\$ (2,585,585)</u>
Fund balance, beginning of year			<u>4,229,132</u>	
Fund balance, end of year			<u>\$ 1,643,547</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
SPLOST 2015
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ -	\$ 292,425	\$ 800,763	\$ 508,338
Interest on investments	<u>-</u>	<u>100</u>	<u>101</u>	<u>1</u>
Total revenues	<u>-</u>	<u>292,525</u>	<u>800,864</u>	<u>508,339</u>
EXPENDITURES				
Capital outlay:				
Street	<u>-</u>	<u>292,525</u>	<u>292,425</u>	<u>100</u>
Total expenditures	<u>-</u>	<u>292,525</u>	<u>292,425</u>	<u>100</u>
(Deficiency) Excess of revenues (under) over expenditures	\$ <u>-</u>	\$ <u>-</u>	508,439	\$ <u>508,439</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 508,439</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
DOWNTOWN STREETScape
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 650,000	\$ 650,000
Interest on investments	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>
Total revenues	<u>-</u>	<u>-</u>	<u>650,094</u>	<u>650,094</u>
EXPENDITURES				
Current:				
Street	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>(35,000)</u>
Total current expenditures	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>(35,000)</u>
Capital outlay:				
Street	<u>-</u>	<u>-</u>	<u>720,159</u>	<u>(720,159)</u>
Total capital outlay	<u>-</u>	<u>-</u>	<u>720,159</u>	<u>(720,159)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>755,159</u>	<u>(755,159)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(105,065)</u>	<u>(105,065)</u>
Fund balance, beginning of year			<u>86,702</u>	
Fund balance, end of year			<u>\$ (18,363)</u>	

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
URBAN REDEVELOPMENT AGENCY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 299	\$ 299
Total revenues	-	-	299	299
EXPENDITURES				
Current:				
Street	-	-	146	(146)
Total current expenditures	-	-	146	(146)
Capital outlay:				
Street	-	-	1,649,284	(1,649,284)
Total capital outlay	-	-	1,649,284	(1,649,284)
Debt service:				
Bond issuance costs	-	-	80,000	(80,000)
Total debt service	-	-	80,000	(80,000)
Total expenditures	-	-	1,729,430	(1,729,430)
Deficiency of revenues under expenditures	-	-	(1,729,131)	(1,729,131)
Other financing uses:				
Bond proceeds	-	-	2,500,000	2,500,000
Total other financing uses	-	-	2,500,000	2,500,000
Net change in fund balances	\$ -	\$ -	770,869	\$ 770,869
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 770,869	

**CAPITAL ASSETS
USED IN OPERATION
OF GOVERNMENTAL FUNDS**

**CITY OF JONESBORO, GEORGIA
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
General capital assets:		
Land	\$ 886,520	\$ 793,644
Buildings	3,038,473	3,038,473
Improvements	373,939	373,939
Vehicles	1,034,145	878,692
Machinery and equipment	2,104,514	2,087,493
Infrastructure	7,279,200	7,279,200
Construction in progress	<u>6,641,924</u>	<u>1,016,037</u>
Total general capital assets	<u>\$ 21,358,715</u>	<u>\$ 15,467,478</u>
Investment in general capital assets:		
General fund revenues	\$ 19,445,979	\$ 13,637,015
Installment obligations	1,270,000	1,270,000
Capital leases	<u>642,736</u>	<u>560,463</u>
Total investments in general capital assets	<u>\$ 21,358,715</u>	<u>\$ 15,467,478</u>

CITY OF JONESBORO, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2015

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Vehicles</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
General government								
Administrative	\$ 1,359,161	\$ 421,497	\$ 463,242	\$ 7,900	\$ 55,473	\$ 353,172	\$ -	\$ 57,877
Cultural and recreation	335,646	-	52,257	283,389	-	-	-	-
Fire	2,114,805	246,600	1,675,751	-	-	192,454	-	-
Police	2,659,360	47,500	626,696	36,164	909,369	1,039,631	-	-
Street	<u>14,889,743</u>	<u>170,923</u>	<u>220,527</u>	<u>46,486</u>	<u>69,303</u>	<u>519,257</u>	<u>7,279,200</u>	<u>6,584,047</u>
Total general government	<u>\$ 21,358,715</u>	<u>\$ 886,520</u>	<u>\$ 3,038,473</u>	<u>\$ 373,939</u>	<u>\$ 1,034,145</u>	<u>\$ 2,104,514</u>	<u>\$ 7,279,200</u>	<u>\$ 6,641,924</u>

CITY OF JONESBORO, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Function and activity</u>	<u>Governmental Funds Capital Assets January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2015</u>
General government				
Administrative	\$ 1,168,453	\$ 190,708	\$ -	\$ 1,359,161
Cultural and recreation	335,646	-	-	335,646
Fire	2,114,805	-	-	2,114,805
Police	2,532,891	126,469	-	2,659,360
Street	<u>9,315,683</u>	<u>5,574,060</u>	<u>-</u>	<u>14,889,743</u>
Total general government	<u>\$ 15,467,478</u>	<u>\$ 5,891,237</u>	<u>\$ -</u>	<u>\$ 21,358,715</u>

**CITY OF JONESBORO, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Project	SPLOST Total Estimated Project Costs	Expenditures		Total
		Prior Years	Current Year	
SPLOST:				
Streets, curbs, and sidewalks	\$ 350,000	\$ 77,813	\$ -	\$ 77,813
Parks and recreation	50,000	21,972	-	21,972
	<u>\$ 400,000</u>	<u>\$ 99,785</u>	<u>\$ -</u>	<u>\$ 99,785</u>
SPLOST 2012:				
Streets, curbs, and sidewalks	\$ 3,170,000	\$ 386,704	\$ 329,924	\$ 716,628
Cemetery remapping, paving, and lighting	450,000	-	-	-
Gateway projects	500,000	-	-	-
Streetscape projects	2,150,000	235,000	1,787,734	2,022,734
Parks and recreation facilities	<u>1,850,000</u>	<u>361,100</u>	<u>469,090</u>	<u>830,190</u>
	<u>\$ 8,120,000</u>	<u>\$ 982,804</u>	<u>\$ 2,586,748</u>	<u>\$ 3,569,552</u>
SPLOST 2015:				
Infrastructure projects	\$ 2,205,039	\$ -	\$ -	\$ -
Public safety – public works Equipment and vehicles	450,000	-	-	-
Park enhancements	300,000	-	292,425	292,425
Municipal complex	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,955,039</u>	<u>\$ -</u>	<u>\$ 292,425</u>	<u>\$ 292,425</u>



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

To the Honorable Mayor and Members of City Council
City of Jonesboro, 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, each major fund, and the aggregate remaining fund information of the City of Jonesboro, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Jonesboro, Georgia's basic financial statements and have issued our report thereon dated June 29, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Morrow, Georgia
June 29, 2016