

CITY OF STOCKBRIDGE, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

CITY OF STOCKBRIDGE, GEORGIA

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FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

Prepared By: Department Of Finance

CITY OF STOCKBRIDGE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i – v
Certificate of Achievement.....	vi
Organizational Chart.....	vii
List of Elected and Appointed Officials	viii

FINANCIAL SECTION

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis.....	4 – 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14 and 15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds	22 and 23
Notes to Financial Statements	24 – 50
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	51
Schedule of City Contributions.....	52
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	53 and 54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	55 and 56
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund - Hotel/Motel Tax Fund.....	57
Combining Statement of Net Position – Nonmajor Enterprise Funds	58
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds.....	59
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	60
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST III	61
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST IV.....	62

CITY OF STOCKBRIDGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION	
Net Position by Component	63 and 64
Changes in Net Position	65 – 68
Governmental Activities Tax Revenues by Source	69 and 70
Fund Balances of Governmental Funds	71 and 72
Changes in Fund Balances of Governmental Funds	73 and 74
General Governmental Tax Revenues by Source	75 and 76
Assessed Value of Taxable Property	77
Property Tax Rates – Direct and Overlapping Governments	78
Principal Property Taxpayers	79
Ratios of Outstanding Debt by Type	80 and 81
Legal Debt Margin Information	82 and 83
Pledged Revenue Coverage	84 and 85
Demographic and Economic Statistics	86
Principal Employers	87
Full-Time Equivalent City Government Employees by Function	88
Operating Indicators by Function	89 and 90
Capital Asset Statistics by Function	91 and 92
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93 and 94
Schedule of Findings and Responses	95 – 97
Schedule of Prior Year Findings	98

INTRODUCTORY SECTION



June 26, 2019

To the Honorable Mayor, Distinguished Members of City Council
And the Citizens of the City of Stockbridge:

Ladies and Gentlemen:

State Law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Stockbridge, Georgia for the fiscal year ended December 31, 2018.

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

The City of Stockbridge's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Stockbridge for the fiscal year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Stockbridge's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report. A single audit was not necessary in 2018. The requirement for a single audit is the expense of \$750,000 or more in federal funds.

Government Auditing Standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. This report is available under a separate cover.

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

PROFILE OF THE CITY

The City of Stockbridge was founded in 1829 and was incorporated as a city in 1920. Stockbridge is in the northern part of Henry County, Georgia and is approximately 18 miles from the state capital of Atlanta. The City is a municipal corporation created under the laws of the State of Georgia and has its corporate name as "City of Stockbridge, Georgia." The affairs of the City are conducted by a Mayor and a five-member city council. The Mayor and City Council members are elected at large. This elected body is responsible for the active coordination of community resources, to anticipate problems and meet community needs.

The City Manager, who is appointed by the Mayor and City Council, oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services. All activities and functions of the City are administered by the City Manager and City Clerk and are under the jurisdiction of the Mayor and City Council, as set forth in State and local law.

The City provides a full range of services to approximately 29,638 residents. These services are provided in whole either by the City or through contractual agreements with Henry County. They include public safety (police and fire), community development, highways and streets, water, sewer, sanitation, public improvements, planning and zoning, code enforcement and general administrative services. The City currently employs 73 full time employees.

The City is one of four incorporated municipalities within Henry County and is not included in Henry County's reporting entity.

The annual budget serves as the foundation for the City of Stockbridge's financial planning and control. All funds and departments of the City are required to submit requests for appropriations to the City Manager in August of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review in October. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31st, the close of the City of Stockbridge's fiscal year. The appropriated budget is prepared by fund and department. Department supervisors may make transfers of appropriations within a department. Transfers of appropriations between departments require the special approval of the governing council. Budget to actual comparisons are provided in this report for the general fund. These comparisons are presented beginning on page 19 of the basic financial statements.

On January 1, 1995, the City of Stockbridge received its status as a Certified City by the State of Georgia Department of Community Affairs. The State designated the Stockbridge Main Street Program on January 26, 2015. The Main Street Program was established to design an identifiable downtown historic district that promotes economic vitality, encourages cultural enrichment and nurtures a collaborative community spirit.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Stockbridge operates.

Strategic Financial Planning

The Mayor and Council of the City of Stockbridge are very diligent with budgeting and planning. With the Joint Comprehensive Development Plan, the Short-Term Work program as well as other programs, we share in the planning for growth and development of infrastructure with our county. These plans also address population, economic development, natural histories and cultural resources as well as transportation and community facilities throughout the city and county. In May 2016, sanitation services were contracted through Waste Industries at no additional cost to the citizens. Waste Industries also offers curbside recycling services. Henry County diverted the tickets from our Municipal Court revenues for fines and forfeitures to the Henry County State Court in McDonough, thus reducing court revenue by 49%.

Local Economy

Stockbridge is intersected by two interstate expressways, I-75 and I-675. These heavily traveled interstates bring tourists into our City. The tourists boost the sales tax revenue as well as the Hotel/Motel tax revenue. The City has a Hotel/Motel tax rate of 8%. We currently have five hotels in the city limits of Stockbridge for which we receive this tax revenue. This revenue has increased due to the overall economy.

Our citizen's employment, as well as our local economy, depends largely on what happens in and around Atlanta. The 2018 unemployment rates for the State of Georgia and the City of Stockbridge, are at 3.7% and 4.3%, respectively. Property values have increased 5% in the net maintenance and operation tax digest from 2017 to 2018.

The City depends largely on Local Option Sales Tax for revenue. The 2018 sales tax revenue increased by approximately 7% compared to 2017. Other increases in revenue occurred in occupational taxes and insurance premium tax. Franchise taxes were up overall by \$78,228 in 2018 from 2017.

RELEVANT FINANCIAL POLICIES

Fiscal Policies

The City of Stockbridge actively supports economic development efforts to expand our revenue base and extend support to local business owners already established within our city limits. Budgeted revenue projections are made conservatively so that actual revenues will consistently meet or exceed budgeted revenues. The City provides medical, dental, and life insurance for its employees. The cost for these benefits is shared by the City and its employees. The City also provides a defined benefit pension plan for the City employees and elected officials.

Treasury Policies

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. The City administers the conservative treasury approach, and we employ safe and financially stable practices to protect the City's liquid assets. Other policies that have been established by the Council include Capital Assets, as well as Purchasing and Procurement.

Debt Administration

At December 31, 2018, the only outstanding long-term debt of the City, other than compensated absences and net pension liability, were Urban Redevelopment Agency revenue bonds in the amount of \$11,750,000. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 10% of total assessed value of real and personal property. As of December 31, 2018, the City did not have any general obligation bonded debt outstanding. The City's legal limit was \$89,538,858 and related debt per capita was zero.

The City's Water and Sewer Enterprise Fund was issued a note by the Georgia Environmental Facilities Authority in 2010 to finance construction projects to improve the City's water distribution facilities. The outstanding balance that matures in 2031, is \$1,346,713 at the end of 2018.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In 2016, the Mayor and Council adopted a Mission statement:

To provide visionary leadership and superior municipal services that enhance the quality of life for the citizens while creating a welcoming business atmosphere focused on sustainability and expansion of tourism and cultural events. They are passionate on establishing the Values of PEACE.

Professionalism
Excellence
Adaptability
Communications
Ethics

Special Purpose Local Option Sale Tax IV was passed by the citizens in November of 2013. We began receiving these funds in May of 2014. The plans are to use these funds for Capital Projects such as roads, bridges, sidewalks as well as public works facilities and equipment, parks and recreation and public safety facilities and equipment.

There are currently several projects that are being funded through our SPLOST revenues and supplemented by fund balance in the enterprise funds or Community Development Block Grant Funds:

- Multiplex Renovations
Approximately \$500,000
- Public Works Maintenance Facility
Approximately \$3,000,000
- Water Source Development
Approximately \$2,000,000
- Sewer Line Replacement
Approximately \$2,000,000

THE FUTURE

The Mayor and Council are working on the Main Street Revitalization and Economic Development in our downtown area. In 2017 the Carrie Mae Hambrick building was demolished with plans to rebuild a state-of-the-art community center. Future considerations include a fiber optic network for our City buildings and downtown area. The City is designing/building a new Public Works Facility, Amphitheater, Cultural Art Facility, and Senior/Youth Center.

AWARDS AND ACKNOWLEDGEMENTS

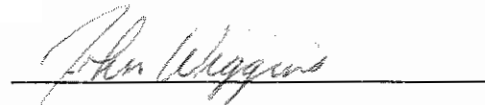
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stockbridge for its comprehensive annual financial report for the fiscal year ended December 31, 2017.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff (current and former) of the finance and administration departments. We would like to express our appreciation to all members of the department who assisted and contributed to the preparations of this report. The independent audit firm of Mauldin & Jenkins, LLC is also to be commended for their guidance and assistance in the preparation of this document.

We would like to also thank the Mayor, Members of City Council, City Manager and Department Heads for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John Wiggins", is written over a horizontal line.

John Wiggins
Treasurer



Government Finance Officers Association

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

Presented to

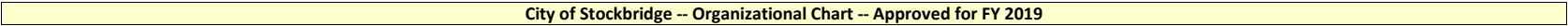
**City of Stockbridge
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO



CITY OF STOCKBRIDGE, GEORGIA

LIST OF ELECTED AND APPOINTED OFFICIALS DECEMBER 31, 2018

LEGISLATIVE BRANCH MAYOR AND CITY COUNCIL

Anthony Ford	Mayor
LaKeisha Gantt	Mayor Pro Tem
Elton Alexander	Council Member
John Blount	Council Member
Alphonso Thomas	Council Member
Neat Robinson	Council Member

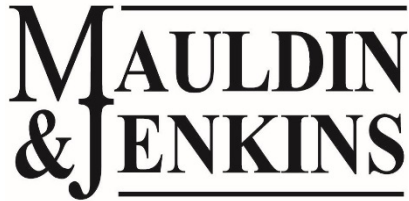
OFFICERS OF THE COUNCIL

Randy Knighton	City Manager
Vanessa Holiday	City Clerk
Randi Rainey	Deputy City Clerk
Michael J. Williams	City Attorney

JUDICIAL BRANCH

Matthew McCord	Municipal Court Judge
Mysti Ramsey	City Solicitor
Dayna Biles	Court Clerk

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Stockbridge, Georgia** ("the City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stockbridge, Georgia as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 51), and the Schedule of City Contributions (on page 52) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 26, 2019

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Stockbridge, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Stockbridge, Georgia for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2018 by \$87,124,242 (total net position). Of this amount, \$25,122,471 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position, on an entity-wide basis, increased by \$2,912,738. Of this amount, an increase of \$2,638,714 was associated with governmental activities and an increase of \$274,024 was associated with business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,178,535 an increase of \$1,244,180 in comparison with the prior year. Of this amount \$15,471,065 is unassigned and available for spending and \$17,265,226 is restricted by third parties or assigned for other specific future uses.
- At the end of the current year, unassigned fund balance for the general fund was \$15,634,005 or 184.4% of total General Fund expenditures.
- The City's total debt obligations decreased by \$684,892 for an overall decrease of 4.5% in total debt obligations. The Net Pension liability decreased by \$26,760. Bonds and notes payable decreased by \$735,443 due to scheduled debt service payments.

Overview of the Financial Statements

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

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

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

Basic Financial Statements

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

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The City adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund for the Fiscal Year 2018 budget. A project length budget has been adopted for the SPLOST Capital Project Funds.

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2018, the City's assets exceeded liabilities by \$87,124,242. The City's net position reflects its investment in capital assets (52.3%), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the total net position, \$16,440,927 (18.9%) is restricted for capital projects and other external restrictions on how they may be used. The unrestricted amount of \$25,122,471 (28.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a comparison statement of the City's net position as of December 31, 2018:

The City of Stockbridge, Georgia's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 36,852,776	\$ 35,580,700	\$ 9,599,122	\$ 9,287,518	\$ 46,451,898	\$ 44,868,218
Capital assets	38,612,664	37,876,622	20,044,893	20,087,802	58,657,557	57,964,424
Total assets	<u>75,465,440</u>	<u>73,457,322</u>	<u>29,644,015</u>	<u>29,375,320</u>	<u>105,109,455</u>	<u>102,832,642</u>
Deferred outflows of resources						
Pension	392,450	442,603	234,707	236,603	627,157	679,206
Long-term liabilities outstanding	12,742,718	13,387,414	1,942,934	1,983,130	14,685,652	15,370,544
Other liabilities	1,878,780	1,852,665	1,611,800	1,562,921	3,490,580	3,415,586
Total liabilities	<u>14,621,498</u>	<u>15,240,079</u>	<u>3,554,734</u>	<u>3,546,051</u>	<u>18,176,232</u>	<u>18,786,130</u>
Deferred inflows of resources						
Pension	272,919	335,087	163,219	179,127	436,138	514,214
Net position:						
Net investment in capital assets	26,862,664	25,476,622	18,698,180	18,655,646	45,560,844	44,132,268
Restricted	16,440,927	15,313,394	-	-	16,440,927	15,313,394
Unrestricted	<u>17,659,882</u>	<u>17,534,743</u>	<u>7,462,589</u>	<u>7,231,099</u>	<u>25,122,471</u>	<u>24,765,842</u>
Total net position	<u>\$ 60,963,473</u>	<u>\$ 58,324,759</u>	<u>\$ 26,160,769</u>	<u>\$ 25,886,745</u>	<u>\$ 87,124,242</u>	<u>\$ 84,211,504</u>

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City's net position by \$2,638,714, primarily due to strong Sales Tax receipts and contributed capital from SPLOST for Public Works Equipment and Improvements. Other key elements of this increase are as follows:

City of Stockbridge, Georgia's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 992,320	\$ 484,025	\$ 5,976,119	\$ 5,573,392	\$ 6,968,439	\$ 6,057,417
Capital grants and contributions	3,387,128	2,811,531	-	-	3,387,128	2,811,531
General:						
Sales tax	4,161,389	3,887,722	-	-	4,161,389	3,887,722
Other tax	5,693,526	5,310,845	-	-	5,693,526	5,310,845
Interest	2,761	2,007	-	-	2,761	2,007
Gain on disposal of capital assets	-	-	-	-	-	-
Total Revenues	14,237,124	12,496,130	5,976,119	5,573,392	20,213,243	18,069,522
Expenses						
General Government	4,192,501	3,397,192	-	-	4,192,501	3,397,192
Judicial	-	172,218	-	-	-	172,218
Public safety	198,810	436,880	-	-	198,810	436,880
Public works	4,768,839	2,608,574	-	-	4,768,839	2,608,574
Housing and development	1,480,341	1,037,910	-	-	1,480,341	1,037,910
Interest on long-term debt	544,013	573,861	-	-	544,013	573,861
Water and sewer	-	-	3,515,666	3,429,805	3,515,666	3,429,805
Stormwater management	-	-	620,265	599,575	620,265	599,575
Solid waste	-	-	1,417,032	1,270,720	1,417,032	1,270,720
Conference center	-	-	502,506	492,130	502,506	492,130
Community center	-	-	60,532	56,177	60,532	56,177
Total Expenses	11,184,504	8,226,635	6,116,001	5,848,407	17,300,505	14,075,042
Increase in net position before transfers	3,052,620	4,269,495	(139,882)	(275,015)	2,912,738	3,994,480
Transfers	(413,906)	(2,328,608)	413,906	2,328,608	-	-
Increase in net position	2,638,714	1,940,887	274,024	2,053,593	2,912,738	3,994,480
Net position - beginning of year	58,324,759	56,383,872	25,886,745	23,833,152	84,211,504	80,217,024
Net position - end of year	\$ 60,963,473	\$58,324,759	\$26,160,769	\$25,886,745	\$87,124,242	\$84,211,504

- Revenues from Local Option Sales Tax increased by \$273,667 or 7.0% from 2017 to 2018. This increase is due to the overall economy. The Special Purpose Local Option Sales Tax increased by \$1,633,693 or 36.9% for the SPLOST IV revenues, due to the required debt service payments for the bonds from SPLOST IV. The City has an intergovernmental agreement with Henry County for bonds issued in the amount of \$6,000,000.
- Investment earnings increased by \$754 from 2017 to 2018. This is due to the continuous drop in interest rates.
- The City received \$265,676 for Local Maintenance Improvement Grants for the year associated with street improvements.
- Expenses in the General Government were down due primarily to the policing services agreement with Henry County, and the Local Option Sales Taxes revenues were up which offset the loss in the courts.
- Revenue from Courts was down \$15,078 as Henry County diverted the tickets from our municipal court to State Court. Receivables for fines were down because of this change and the change in law for probation tolling laws.

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. Business-type activities increased the City's net position by \$274,024. The increase is basically the result of the capital contributions of \$251,841 from the SPLOST III Fund to the Water and Sewer Fund and the Ted Strickland Community Center Fund. The transfer from the City's General Fund to the Conference Center is to supplement the operation. The sanitation department privatized the collection of residential solid waste with Waste Industries and the startup proved beneficial.

Financial Analysis of the Government's Funds

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

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

At December 31, 2018 the City's governmental funds reported combined ending fund balances of \$35,178,535, an increase of \$1,244,180 in comparison to the prior year. Of this amount, \$15,471,065 (44.0%) is unassigned fund balance, which is available for spending at the government's discretion. Additionally, \$16,598,867 is restricted by third parties for: 1) capital items most of which is funded mainly by the proceeds of the Special Purpose Local Option Sales Tax (\$16,085,451); 2) Perpetual Care of the City's cemetery (\$6,950); and 3) tourism. The General Fund's increase of \$116,647 resulted from a decrease in court fines and amounts paid to Henry County for police services.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,634,005. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 184.4 percent of the total general fund expenditures, while total fund balance represents 221.1% of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$116,647. Key factors in the increase are due to: 1) Increased tax revenues, and 2) decreased departmental expenditures. The City collected a total of \$4,161,389 in local option sales taxes for 2018, an increase of 6.6% over 2017. Franchise taxes increased by 5% to \$1,497,519 in 2018 from \$1,419,291 in 2017, for electric, television and telephone taxes. The City's general fund revenues decreased due to Court Fines and Forfeitures offset by Local Option Sales Tax receipts. In 2018 General Fund transfers increased slightly from \$1,442,644 to \$2,218,478 because of the money transferred from General Fund to subsidize the Merle Manders Conference Center. The expenditures in General Fund increased by 11.6% from \$6,158,090 to \$8,476,462 in 2018 compared to 2017.

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City received \$3,012,486 in Special Purpose Local Option Sales Taxes in 2018 compared to \$2,519,170 in 2017. This is up by 16.4% due primarily to the increase in collections. Henry County issued bonds in order to begin projects approved by the voters in November 2013. The City received \$6,000,000 from the County's bond issue in order to begin special projects rather than wait for the revenue to come in over the six-year period of the referendum. The debt service on the bonds has to be paid each year before the City or County receives any proceeds to be used on projects. The projects approved by the voters in the SPLOST IV referendum include public works facilities and equipment, new park equipment, the City's share of roads, bridges, sidewalks and transportation facilities and public safety facilities and equipment.

As of December 31, 2018, the Urban Redevelopment Agency of the City had long-term liabilities from Revenue Bonds in the amount of \$11,750,000. The majority of these funds were used for purchasing property and building and furnishing a new city hall facility which was completed in 2009. The cost of the building is approximately \$11,964,000.

The Hotel/Motel Tax Fund is used to promote tourism in The City. The Fund is used to account for proceeds from the City's Hotel/Motel tax and is required to a 43.75% payment to the Henry County Chamber of Commerce. The total fund balance at December 31, 2018 for this fund amounted to \$506,466.

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

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

Unrestricted net position of the proprietary funds at the end of the year were \$7,462,589 of which the Water and Sewer Fund had \$5,127,374 (69%) and the Solid Waste Fund had \$1,747,712 (23%). Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The original budget for the City's General Fund for 2018 was \$9,332,400. There was a \$966,893 difference between the net change in fund balance from the original budget. This was mainly due to increases in expenditures for the de-annexation initiative and the new permitting department.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at December 31, 2018 amounts to \$58,657,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges and roads.

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Purchase of land: \$662,881 for 113 East Atlanta Road.
- \$41,675 for a Kubota Tractor.
- \$268,155 for HVAC Improvements to City Hall, Courts, and MMCC.
- \$190,608 for Public Works Department Vehicles.
- \$88,294 for Community Development Department Vehicles.
- \$25,231 for Gardner Park, Clark Park, and Memorial Park fence replacement – SPLOST IV.
- \$104,755 for Court Renovation – SPLOST IV.
- \$1,067,169 for Road Paving Projects – SPLOST IV.
- \$42,760 for WWTP Improvements Phase I and II – SPLOST IV.
- \$55,338 for Amphitheater Design.
- \$289,376 for walking trail paving project at Clark Park – SPLOST IV.
- \$73,898 for the Water Meter Replacement Project – SPLOST IV.
- \$76,263 for the Water and Sewer Department Vehicles.

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

Long-term debt. At the end of the current fiscal year the City had \$14,685,652 in outstanding debt consisting of the following:

City of Stockbridge, Georgia's Outstanding Debt

	<u>Balance</u>
Governmental Activities	
Revenue Bonds	\$ 11,750,000
Accrued Compensated Absences	105,990
Net Pension Liability	886,728
Business-Type Activities	
GEFA Notes Payable	1,346,713
Accrued Compensated Absences	65,912
Net Pension Liability	<u>530,309</u>
 TOTAL	 <u><u>\$ 14,685,652</u></u>

The City's total debt decreased by \$684,892. Additional information on the City's long-term debt can be found in Note 7.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$89,538,858, which is in excess of the City's outstanding general obligation debt.

CITY OF STOCKBRIDGE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- The estimated unemployment rate for the City is currently 4.3%, which is slightly above the state and the national rates.
- Cost of Living indices in the region, compare favorably to national indices.
- Occupational Taxes (Business Licenses) were up from 2018 due to the economy rebound. These are based on gross receipts.
- Sales tax receipts have been stable in recent months.

All of these factors were considered in preparing the City's budget for Fiscal Year 2019.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,160,165	\$ 8,755,445	\$ 34,915,610
Investments	6,202,588	58,000	6,260,588
Taxes receivable	1,742,569	-	1,742,569
Accounts receivable, net of allowances	35,233	630,594	665,827
Due from other governments	435,661	14,949	450,610
Inventories	-	78,921	78,921
Prepaid expenses	77,272	61,213	138,485
Restricted assets, cash and cash equivalents	2,256	-	2,256
Assets held for resale	2,197,032	-	2,197,032
Capital assets, nondepreciable	13,000,397	1,043,363	14,043,760
Capital assets, depreciable, net of accumulated depreciation	25,612,267	19,001,530	44,613,797
Total assets	75,465,440	29,644,015	105,109,455
DEFERRED OUTFLOWS OF RESOURCES			
Pension	392,450	234,707	627,157
Total deferred outflows of resources	392,450	234,707	627,157
LIABILITIES			
Accounts payable	858,953	282,579	1,141,532
Retainage payable	26,815	15,773	42,588
Accrued interest expense	225,632	3,367	228,999
Other accrued expenses	87,761	34,167	121,928
Customer deposits	-	158,330	158,330
Compensated absences due within one year	21,198	13,183	34,381
Compensated absences due in more than one year	84,792	52,729	137,521
Unearned revenue	679,619	1,117,584	1,797,203
Bonds payable due within one year	680,000	-	680,000
Bonds payable due in more than one year	11,070,000	-	11,070,000
Notes payable due within one year	-	88,043	88,043
Notes payable due in more than one year	-	1,258,670	1,258,670
Net pension liability due in more than one year	886,728	530,309	1,417,037
Total liabilities	14,621,498	3,554,734	18,176,232
DEFERRED INFLOWS OF RESOURCES			
Pension	272,919	163,219	436,138
Total deferred inflows of resources	272,919	163,219	436,138
NET POSITION			
Net investment in capital assets	26,862,664	18,698,180	45,560,844
Restricted for capital projects	16,085,451	-	16,085,451
Restricted for tourism	506,466	-	506,466
Restricted for cemetery maintenance - nonexpendable	5,000	-	5,000
Restricted for cemetery maintenance - expendable	6,950	-	6,950
Unrestricted	17,496,942	7,462,589	24,959,531
Total net position	\$ 60,963,473	\$ 26,160,769	\$ 87,124,242

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

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,192,501	\$ 963,720	\$ -	\$ 108,966
Judicial	-	28,600	-	-
Public safety	198,810	-	-	-
Public works	4,768,839	-	-	3,278,162
Housing and development	1,480,341	-	-	-
Interest on long-term debt	544,013	-	-	-
Total governmental activities	<u>11,184,504</u>	<u>992,320</u>	<u>-</u>	<u>3,387,128</u>
Business-type activities:				
Water and sewer	3,515,666	3,972,963	-	-
Stormwater	620,265	521,509	-	-
Solid waste	1,417,032	1,248,109	-	-
Conference center	502,506	186,452	-	-
Community center	60,532	47,086	-	-
Total business-type activities	<u>6,116,001</u>	<u>5,976,119</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,300,505</u>	<u>\$ 6,968,439</u>	<u>\$ -</u>	<u>\$ 3,387,128</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage excise taxes				
Business and occupation taxes				
Insurance premium taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,119,815)	\$ -	\$ (3,119,815)
28,600	-	28,600
(198,810)	-	(198,810)
(1,490,677)	-	(1,490,677)
(1,480,341)	-	(1,480,341)
(544,013)	-	(544,013)
<u>(6,805,056)</u>	<u>-</u>	<u>(6,805,056)</u>
-	457,297	457,297
-	(98,756)	(98,756)
-	(168,923)	(168,923)
-	(316,054)	(316,054)
-	(13,446)	(13,446)
-	(139,882)	(139,882)
<u>(6,805,056)</u>	<u>(139,882)</u>	<u>(6,944,938)</u>
221,334	-	221,334
4,161,389	-	4,161,389
1,497,519	-	1,497,519
747,612	-	747,612
815,350	-	815,350
1,888,635	-	1,888,635
454,239	-	454,239
68,837	-	68,837
2,761	-	2,761
<u>(413,906)</u>	<u>413,906</u>	<u>-</u>
<u>9,443,770</u>	<u>413,906</u>	<u>9,857,676</u>
2,638,714	274,024	2,912,738
58,324,759	25,886,745	84,211,504
<u>\$ 60,963,473</u>	<u>\$ 26,160,769</u>	<u>\$ 87,124,242</u>

CITY OF STOCKBRIDGE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	General Fund	Urban Redevelopment Fund	SPLOST IV Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 16,069,081	\$ -	\$ 6,507,186	\$ 3,583,898	\$ 26,160,165
Investments	-	-	6,190,304	12,284	6,202,588
Taxes receivable	1,708,221	-	-	34,348	1,742,569
Accounts receivable	32,733	-	-	2,500	35,233
Due from other governments	21,191	-	414,470	-	435,661
Prepaid expenditures	77,272	-	-	-	77,272
Assets held for resale	2,197,032	-	-	-	2,197,032
Restricted assets, cash	-	2,256	-	-	2,256
Total assets	<u>\$ 20,105,530</u>	<u>\$ 2,256</u>	<u>\$ 13,111,960</u>	<u>\$ 3,633,030</u>	<u>\$ 36,852,776</u>
LIABILITIES					
Accounts payable	\$ 552,754	\$ -	\$ 42,900	\$ 263,299	\$ 858,953
Retainage payable	26,815	-	-	-	26,815
Accrued liabilities	87,641	-	-	120	87,761
Unearned revenue - occupational taxes	679,619	-	-	-	679,619
Total liabilities	<u>1,346,829</u>	<u>-</u>	<u>42,900</u>	<u>263,419</u>	<u>1,653,148</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines	21,093	-	-	-	21,093
Total deferred inflows of resources	<u>21,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,093</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepays	77,272	-	-	-	77,272
Permanent fund corpus	-	-	-	5,000	5,000
Assets held for resale	2,197,032	-	-	-	2,197,032
Restricted for:					
Capital projects	-	2,256	13,069,060	3,014,135	16,085,451
Tourism	-	-	-	506,466	506,466
Cemetery maintenance	-	-	-	6,950	6,950
Assigned for purchases on order	829,299	-	-	-	829,299
Unassigned	15,634,005	-	-	(162,940)	15,471,065
Total fund balances	<u>18,737,608</u>	<u>2,256</u>	<u>13,069,060</u>	<u>3,369,611</u>	<u>35,178,535</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,105,530</u>	<u>\$ 2,256</u>	<u>\$ 13,111,960</u>	<u>\$ 3,633,030</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					38,612,664
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					21,093
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.					(767,197)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(12,081,622)
Net position of governmental activities					<u>\$ 60,963,473</u>

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

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	General	Urban	SPLOST IV	Other	Total
	Fund	Redevelopment	Fund	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues					
Taxes	\$ 9,400,676	\$ -	\$ -	\$ 454,239	\$ 9,854,915
Licenses and permits	714,550	-	-	-	714,550
Intergovernmental	265,676	-	3,012,486	-	3,278,162
Fines and forfeitures	39,297	-	-	-	39,297
Charges for services	74,112	-	-	-	74,112
Rental income	30,969	-	-	-	30,969
Interest income	2,761	-	108,514	452	111,727
Other revenues	144,089	-	-	-	144,089
Total revenues	10,672,130	-	3,121,000	454,691	14,247,821
Expenditures					
Current:					
General government	4,655,663	-	-	-	4,655,663
Judicial	122,342	-	-	-	122,342
Public safety	148,680	-	-	-	148,680
Public works and parks	2,361,276	-	-	334	2,361,610
Health and welfare	-	-	-	-	-
Housing and development	1,188,501	-	-	290,998	1,479,499
Capital outlay:					
General government	-	-	110,199	93,725	203,924
Public works	-	-	1,201,838	266,468	1,468,306
Culture and recreation	-	-	321,656	892,862	1,214,518
Debt service:					
Principal	-	650,000	-	-	650,000
Interest	-	556,491	-	-	556,491
Total expenditures	8,476,462	1,206,491	1,633,693	1,544,387	12,861,033
Excess (deficiency) of revenues over (under) expenditures	2,195,668	(1,206,491)	1,487,307	(1,089,696)	1,386,788
Other financing sources (uses):					
Proceeds from sale of assets	19,457	-	-	-	19,457
Transfers in	120,000	1,206,491	-	729,922	2,056,413
Transfers out	(2,218,478)	-	-	-	(2,218,478)
Total other financing sources (uses)	(2,079,021)	1,206,491	-	729,922	(142,608)
Net change in fund balances	116,647	-	1,487,307	(359,774)	1,244,180
Fund balances, beginning of year	18,620,961	2,256	11,581,753	3,729,385	33,934,355
Fund balances, end of year	\$ 18,737,608	\$ 2,256	\$ 13,069,060	\$ 3,369,611	\$ 35,178,535

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

CITY OF STOCKBRIDGE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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

Net change in fund balances - total governmental funds	\$ 1,244,180
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	987,883
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(251,841)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(10,697)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	650,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>19,189</u>
Changes in net position - governmental activities	<u>\$ 2,638,714</u>

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

CITY OF STOCKBRIDGE, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 3,778,475	\$ 3,778,475	\$ 4,161,389	\$ 382,914
Other taxes	4,868,600	4,868,600	5,239,287	370,687
Licenses and permits	217,500	539,000	714,550	175,550
Intergovernmental	265,675	265,675	265,676	1
Fines and forfeitures	75,000	75,000	39,297	(35,703)
Charges for services	1,150	81,150	74,112	(7,038)
Contributions	500	500	30,969	30,469
Interest income	1,000	1,000	2,761	1,761
Other revenues	124,500	124,500	144,089	19,589
Total revenues	9,332,400	9,733,900	10,672,130	938,230
Expenditures:				
Current:				
General government:				
Mayor and council	305,775	305,775	310,320	(4,545)
Executive	1,004,400	932,400	706,245	226,155
Financial administration	1,724,480	1,704,480	1,504,466	200,014
Business services	209,680	216,003	140,745	75,258
Data processing	215,800	215,800	183,401	32,399
De-annexation	-	977,044	1,002,783	(25,739)
Building and plant	738,525	768,525	807,703	(39,178)
Total general government	4,198,660	5,120,027	4,655,663	464,364
Judicial:				
Municipal court	149,225	149,225	122,342	26,883
Public safety:				
Police administration	350,000	350,000	148,680	201,320
Public works and parks:				
Public works	2,445,230	2,445,230	2,263,391	181,839
Parks	203,500	173,500	97,885	75,615
Total public works	2,648,730	2,618,730	2,361,276	257,454
Housing and development:				
Code enforcement	151,285	151,285	129,246	22,039
Main street	204,950	204,950	182,100	22,850
Planning and zoning	323,500	399,026	332,297	66,729
Permitting development	-	401,500	324,569	76,931
City events	201,135	201,135	220,289	(19,154)
Total housing and development	880,870	1,357,896	1,188,501	169,395
Total expenditures	8,227,485	9,595,878	8,476,462	1,119,416
Excess of revenues over expenditures	1,104,915	138,022	2,195,668	2,057,646
Other financing sources (uses):				
Proceeds from sale of assets	-	-	19,457	19,457
Transfers in	120,000	120,000	120,000	-
Transfers out	(1,542,915)	(1,542,915)	(2,218,478)	(675,563)
Total other financing sources	(1,422,915)	(1,422,915)	(2,079,021)	(656,106)
Net change in fund balances	(318,000)	(1,284,893)	116,647	1,401,540
Fund balances, beginning of year	18,620,961	18,620,961	18,620,961	-
Fund balances, end of year	\$ 18,302,961	\$ 17,336,068	\$ 18,737,608	\$ 1,401,540

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

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Water and Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,072,557	\$ 2,939,040	\$ 743,848	\$ 8,755,445
Investments	58,000	-	-	58,000
Accounts receivable, net of allowances	412,116	65,689	152,789	630,594
Due from other governments	12,609	1,944	396	14,949
Inventories	78,921	-	-	78,921
Prepaid expenses	57,681	744	2,788	61,213
Total current assets	5,691,884	3,007,417	899,821	9,599,122
NONCURRENT ASSETS				
Capital assets:				
Capital assets, non-depreciable	622,490	-	420,873	1,043,363
Capital assets, depreciable, net of accumulated depreciation	15,247,170	48,815	3,705,545	19,001,530
Total capital assets	15,869,660	48,815	4,126,418	20,044,893
Total noncurrent assets	15,869,660	48,815	4,126,418	20,044,893
Total assets	21,561,544	3,056,232	5,026,239	29,644,015
DEFERRED OUTFLOWS OF RESOURCES				
Pension	146,994	14,619	73,094	234,707
Total deferred outflows of resources	146,994	14,619	73,094	234,707
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	97,627	108,960	75,992	282,579
Retainage payable	-	-	15,773	15,773
Accrued liabilities	19,594	1,558	13,015	34,167
Unearned revenue	-	1,117,584	-	1,117,584
Notes payable, current portion	88,043	-	-	88,043
Compensated absences due within one year	6,990	605	5,588	13,183
Customer deposits	121,620	-	36,710	158,330
Accrued interest	3,367	-	-	3,367
Total current liabilities	337,241	1,228,707	147,078	1,713,026
NONCURRENT LIABILITIES				
Compensated absences due in more than one year	27,958	2,420	22,351	52,729
Net pension liability	332,126	33,031	165,152	530,309
Notes payable, long-term portion	1,258,670	-	-	1,258,670
Total noncurrent liabilities	1,618,754	35,451	187,503	1,841,708
Total liabilities	1,955,995	1,264,158	334,581	3,554,734
DEFERRED INFLOWS OF RESOURCES				
Pension	102,222	10,166	50,831	163,219
Total deferred outflows of resources	102,222	10,166	50,831	163,219
NET POSITION				
Net investment in capital assets	14,522,947	48,815	4,126,418	18,698,180
Unrestricted	5,127,374	1,747,712	587,503	7,462,589
Total net position	\$ 19,650,321	\$ 1,796,527	\$ 4,713,921	\$ 26,160,769

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

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Water and Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Totals
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 1,955,895	\$ -	\$ -	\$ 1,955,895
Sewer sales	1,923,543	-	-	1,923,543
Stormwater fees	-	-	521,509	521,509
Sanitation charges	-	1,113,017	-	1,113,017
Rentals	-	135,092	233,538	368,630
Other fees and charges	93,525	-	-	93,525
Total operating revenues	<u>3,972,963</u>	<u>1,248,109</u>	<u>755,047</u>	<u>5,976,119</u>
OPERATING EXPENSES				
Personal services and employee benefits	1,206,804	98,853	611,016	1,916,673
Contracted services	454,904	1,280,263	237,803	1,972,970
Supplies	1,061,952	3,938	86,095	1,151,985
Repairs and maintenance	24,950	-	73,485	98,435
Bad debt expense	30,180	-	-	30,180
Depreciation	695,293	33,978	174,904	904,175
Total operating expenses	<u>3,474,083</u>	<u>1,417,032</u>	<u>1,183,303</u>	<u>6,074,418</u>
Operating income (loss)	<u>498,880</u>	<u>(168,923)</u>	<u>(428,256)</u>	<u>(98,299)</u>
NON-OPERATING EXPENSE				
Interest expense	(41,583)	-	-	(41,583)
Total non-operating expenses	<u>(41,583)</u>	<u>-</u>	<u>-</u>	<u>(41,583)</u>
Income (loss) before capital contributions and transfers	457,297	(168,923)	(428,256)	(139,882)
CAPITAL CONTRIBUTIONS	251,841	-	-	251,841
TRANSFERS IN	-	-	282,065	282,065
TRANSFERS OUT	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>(120,000)</u>
Change in net position	649,138	(168,923)	(206,191)	274,024
NET POSITION, beginning of year	<u>19,001,183</u>	<u>1,965,450</u>	<u>4,920,112</u>	<u>25,886,745</u>
NET POSITION, end of year	<u>\$ 19,650,321</u>	<u>\$ 1,796,527</u>	<u>\$ 4,713,921</u>	<u>\$ 26,160,769</u>

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

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Water and Sewer Fund	Solid Waste Fund	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,036,887	\$ 1,264,930	\$ 732,002	\$ 6,033,819
Payments to suppliers and service providers	(1,626,094)	(1,273,908)	(343,414)	(3,243,416)
Payments to employees	(1,194,540)	(82,487)	(607,541)	(1,884,568)
Net cash provided by (used in) operating activities	<u>1,216,253</u>	<u>(91,465)</u>	<u>(218,953)</u>	<u>905,835</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	<u>(60,000)</u>	<u>-</u>	<u>222,065</u>	<u>162,065</u>
Net cash provided by (used in) non-capital financing activities	<u>(60,000)</u>	<u>-</u>	<u>222,065</u>	<u>162,065</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(181,544)	-	(427,881)	(609,425)
Principal payments on notes payable	(85,443)	-	-	(85,443)
Interest paid	(41,796)	-	-	(41,796)
Net cash used in capital and related financing activities	<u>(308,783)</u>	<u>-</u>	<u>(427,881)</u>	<u>(736,664)</u>
Increase (decrease) in cash and cash equivalents	847,470	(91,465)	(424,769)	331,236
Cash and cash equivalents:				
Beginning of year	<u>4,225,087</u>	<u>3,030,505</u>	<u>1,168,617</u>	<u>8,424,209</u>
End of year	<u><u>\$ 5,072,557</u></u>	<u><u>\$ 2,939,040</u></u>	<u><u>\$ 743,848</u></u>	<u><u>\$ 8,755,445</u></u>

(Continued)

CITY OF STOCKBRIDGE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 498,880	\$ (168,923)	\$ (428,256)	\$ (98,299)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	695,293	33,978	174,904	904,175
(Increase) decrease in accounts receivable	65,794	7,719	(9,160)	64,353
Increase in inventories	(912)	-	-	(912)
(Increase) decrease in due from other governments	(435)	1,614	2,957	4,136
(Increase) decrease in deferred outflows of resources - pension	2,009	(7,550)	7,437	1,896
Decrease in customer deposits	(1,435)	-	(16,842)	(18,277)
(Increase) decrease in prepaid expenses	(50,252)	105	2,202	(47,945)
Increase (decrease) in accrued liabilities	(6,290)	541	5,863	114
Increase (decrease) in accounts payable	(2,944)	10,188	35,994	43,238
Decrease in retainage payable	-	-	15,773	15,773
Increase in unearned revenue	-	7,488	-	7,488
Increase (decrease) in deferred inflows of resources - pension	(10,585)	4,814	(10,137)	(15,908)
Increase in net pension liability	27,130	18,561	312	46,003
	<u>27,130</u>	<u>18,561</u>	<u>312</u>	<u>46,003</u>
Net cash provided by (used in) operating activities	<u>\$ 1,216,253</u>	<u>\$ (91,465)</u>	<u>\$ (218,953)</u>	<u>\$ 905,835</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds	<u>\$ 251,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,841</u>

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

CITY OF STOCKBRIDGE, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

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

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

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

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

D. Use of Estimates

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

E. Cash and Investments

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

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

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

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

In applying GASB Statement No. 72, the City utilized the following methods and assumptions as of December 31, 2018:

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

F. Inventories

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

G. Prepaid Expenditures/Expenses

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

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

I. Deferred Outflows/Inflows

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

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

J. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

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

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

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

L. Compensated Absences

In 2017, the City switched from using a Paid Time Off ("PTO") system to a compensated absences system. Under the compensated absences system, the City accrues accumulated unpaid vacation and sick benefits. Annual leave will be paid to employees upon separation from service when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Activity

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

O. Budgets and Budgetary Accounting

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

Governmental fund type budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as amended in December 2018. All annual appropriations lapse at year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgets and Budgetary Accounting (Continued)

For the year ended December 31, 2018, the following General Fund departments had actual expenditures in excess of budgeted amounts: Mayor and Council (\$4,545), De-annexation (\$25,739), Building and plant (\$39,178), and City events (\$19,154). These over expenditures were covered by under expenditures in other departments.

P. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. Only the City Council may modify or remove the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the Treasurer and his designee to assign fund balances. Assignments may occur subsequent to fiscal year-end.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity

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

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

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

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

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

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

Accrued interest payable	\$ (225,632)
Compensated absences payable	(105,990)
Bonds payable	<u>(11,750,000)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$ (12,081,622)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

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

Capital outlay	\$ 2,241,186
Depreciation expense	<u>(1,253,303)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 987,883</u></u>

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

Compensated absences	\$ (24,547)
Pension expense	31,258
Accrued interest	<u>12,478</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 19,189</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

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

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2018, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy. Additionally, the City's certificates of deposit are nonnegotiable and, therefore, are not subject to fair value hierarchy.

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

At December 31, 2018, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	21-day weighted average	\$ 6,190,304
Certificate of Deposit	August 19, 2019	12,284
Certificate of Deposit	June 29, 2021	58,000
		<u>\$ 6,260,588</u>

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The City, when applicable, obtains the services of Henry County to bill and collect the City's property taxes. The County remits taxes collected to the City on a bi-monthly basis. Property taxes are levied approximately October 1 of each year and are due 60 days after issuance. A local option sales tax is in force. Proceeds from the tax are remitted to the City monthly and are utilized to give property tax owners tax relief. No property taxes were levied for the year ended December 31, 2018. There were no property taxes receivable as of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at December 31, 2018 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Funds

	<u>General</u>	<u>SPLOST IV</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 21,191	\$ 414,470	\$ -	\$ 435,661
Taxes	1,708,221	-	34,348	1,742,569
Accounts	55,351	-	2,500	57,851
Gross receivables	1,784,763	414,470	36,848	2,236,081
Less allowance for uncollectibles	(22,618)	-	-	(22,618)
Net total receivables	<u>\$ 1,762,145</u>	<u>\$ 414,470</u>	<u>\$ 36,848</u>	<u>\$ 2,213,463</u>

Proprietary Funds

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 12,609	\$ 1,944	\$ 396	\$ 14,949
Accounts	448,480	65,689	152,789	666,958
Gross receivables	461,089	67,633	153,185	681,907
Less allowance for uncollectibles	(36,364)	-	-	(36,364)
Net total receivables	<u>\$ 424,725</u>	<u>\$ 67,633</u>	<u>\$ 153,185</u>	<u>\$ 645,543</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 10,891,739	\$ 670,681	\$ -	\$ -	\$ 11,562,420
Construction in progress	740,795	921,051	-	(223,869)	1,437,977
Total	<u>11,632,534</u>	<u>1,591,732</u>	<u>-</u>	<u>(223,869)</u>	<u>13,000,397</u>
Capital assets, being depreciated:					
Buildings and improvements	21,940,454	35,691	-	-	21,976,145
Improvements other than buildings	2,568,667	306,888	-	-	2,875,555
Infrastructure	8,317,631	-	-	-	8,317,631
Machinery and equipment	1,586,418	71,223	-	(51,472)	1,606,169
Office equipment	1,050,694	-	-	-	1,050,694
Vehicles	1,305,003	235,652	-	(39,775)	1,500,880
Furniture and fixtures	1,063,391	-	-	-	1,063,391
Total	<u>37,832,258</u>	<u>649,454</u>	<u>-</u>	<u>(91,247)</u>	<u>38,390,465</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,026,304)	(533,814)	-	-	(5,560,118)
Improvements other than buildings	(929,077)	(135,887)	-	-	(1,064,964)
Infrastructure	(1,726,449)	(201,768)	-	-	(1,928,217)
Machinery and equipment	(1,212,276)	(80,247)	-	23,500	(1,269,023)
Office equipment	(783,718)	(109,658)	-	-	(893,376)
Vehicles	(984,794)	(106,667)	-	39,775	(1,051,686)
Furniture and fixtures	(925,552)	(85,262)	-	-	(1,010,814)
Total	<u>(11,588,170)</u>	<u>(1,253,303)</u>	<u>-</u>	<u>63,275</u>	<u>(12,778,198)</u>
Total assets, being depreciated, net	<u>26,244,088</u>	<u>(603,849)</u>	<u>-</u>	<u>(27,972)</u>	<u>25,612,267</u>
Governmental activities capital assets, net	<u>\$ 37,876,622</u>	<u>\$ 987,883</u>	<u>\$ -</u>	<u>\$ (251,841)</u>	<u>\$ 38,612,664</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 445,603	\$ -	\$ -	\$ -	\$ 445,603
Construction in progress	2,351,733	392,232	-	(2,146,205)	597,760
Total	<u>2,797,336</u>	<u>392,232</u>	<u>-</u>	<u>(2,146,205)</u>	<u>1,043,363</u>
Capital assets, being depreciated:					
Buildings and improvements	6,116,766	25,350	-	(57,127)	6,084,989
Improvements other than buildings	18,282,767	-	-	-	18,282,767
Infrastructure	482,551	-	-	94,612	577,163
Vehicles	1,711,375	76,263	-	15,025	1,802,663
Furniture and fixtures	460,496	-	-	-	460,496
Machinery and equipment	1,870,939	115,580	-	2,408,811	4,395,330
Total	<u>28,924,894</u>	<u>217,193</u>	<u>-</u>	<u>2,461,321</u>	<u>31,603,408</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,895,652)	(328,747)	-	-	(2,224,399)
Improvements other than buildings	(7,011,787)	(243,124)	-	-	(7,254,911)
Infrastructure	(77,854)	(16,085)	-	-	(93,939)
Vehicles	(1,026,181)	(177,758)	-	(15,025)	(1,218,964)
Furniture and fixtures	(357,929)	(20,388)	-	-	(378,317)
Machinery and equipment	(1,265,025)	(118,073)	-	(48,250)	(1,431,348)
Total	<u>(11,634,428)</u>	<u>(904,175)</u>	<u>-</u>	<u>(63,275)</u>	<u>(12,601,878)</u>
Total assets, being depreciated, net	<u>17,290,466</u>	<u>(686,982)</u>	<u>-</u>	<u>2,398,046</u>	<u>19,001,530</u>
Business-type activities capital assets, net	<u>\$ 20,087,802</u>	<u>\$ (294,750)</u>	<u>\$ -</u>	<u>\$ 251,841</u>	<u>\$ 20,044,893</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 645,638
Judicial	57,751
Public safety	51,187
Public works	498,727
	<u>498,727</u>
Total depreciation expense - governmental activities	<u>\$ 1,253,303</u>

Business-type activities:

Water and sewer	\$ 695,293
Solid waste	33,978
Stormwater	64,564
Conference center	88,178
Community center	22,162
	<u>22,162</u>
Total depreciation expense - business-type activities	<u>\$ 904,175</u>

NOTE 7. LONG-TERM DEBT

Changes in Long-term Debt. The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Urban Redevelopment revenue bonds	\$ 12,400,000	\$ -	\$ (650,000)	\$ 11,750,000	\$ 680,000
Accrued compensated absences	81,443	100,447	(75,900)	105,990	21,198
Net pension liability	905,971	845,936	(865,179)	886,728	-
	<u>905,971</u>	<u>845,936</u>	<u>(865,179)</u>	<u>886,728</u>	<u>-</u>
Total governmental-type activity long-term debt	<u>\$ 13,387,414</u>	<u>\$ 946,383</u>	<u>\$ (1,591,079)</u>	<u>\$ 12,742,718</u>	<u>\$ 701,198</u>
Business-type activities:					
GEFA notes payable	\$ 1,432,156	\$ -	\$ (85,443)	\$ 1,346,713	\$ 88,043
Accrued compensated absences	66,668	74,418	(75,174)	65,912	13,183
Net pension liability	484,306	505,918	(459,915)	530,309	-
	<u>484,306</u>	<u>505,918</u>	<u>(459,915)</u>	<u>530,309</u>	<u>-</u>
Total business-type activity long-term debt	<u>\$ 1,983,130</u>	<u>\$ 580,336</u>	<u>\$ (620,532)</u>	<u>\$ 1,942,934</u>	<u>\$ 101,226</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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

Urban Redevelopment Revenue Bonds. The City entered into an agreement with a financial institution that provided for the issuance of revenue bonds for the purchase of land and construction of structures and improvements for the New Town Center. Various bond issues were used by the City during the purchase and construction phases. Some of the issues were nontaxable while others were taxable issues. All of the remaining outstanding bonds are nontaxable. During the year ended December 31, 2018, the City repaid various bond issues in the amount of \$650,000. Amounts outstanding at year-end of \$11,750,000 reflect total drawdowns to date net of repayments, if any.

Urban Redevelopment Fund long-term liabilities outstanding at December 31, 2018, are as follows:

Series 2005 B Revenue bonds payable to Capital One Bank, in the total amount of \$7,330,000, interest at 4.45%, matures 2/1/31.	\$ 4,995,000
Series 2006 A Revenue bonds payable to Capital One Bank, in the total amount of \$4,795,000, current interest at 4.58%, matures 2/1/31.	3,295,000
Series 2006 C Revenue bonds payable to Capital One Bank, in the total amount of \$5,000,000, current interest at 4.865%, matures 2/1/31.	<u>3,460,000</u>
Total	<u>\$ 11,750,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Fiscal Year	Principal	Interest	Total
2019	\$ 680,000	\$ 525,859	\$ 1,205,859
2020	710,000	493,848	1,203,848
2021	745,000	460,337	1,205,337
2022	780,000	425,213	1,205,213
2023	820,000	388,356	1,208,356
2024 - 2028	4,670,000	1,332,401	6,002,401
2029 - 2031	3,345,000	235,954	3,580,954
Total	<u>\$ 11,750,000</u>	<u>\$ 3,861,968</u>	<u>\$ 15,611,968</u>

Water and Sewer Long-term Debt. The City issues revenue bonds and enters into construction note agreements with the Georgia Environmental Finance Authority where in both types of debt the government pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year relate to a note issued in 2010 to finance construction projects to improve the City's water distribution facilities. The note was issued by the Georgia Environmental Finance Authority in the total amount of \$1,911,900. During the year ended December 31, 2018, the City repaid \$85,443 of the note payable. Amounts outstanding at year-end of \$1,346,713 reflect total drawdowns to date net of repayments, if any.

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

Fiscal Year	Principal	Interest	Total
2019	\$ 88,043	\$ 39,197	\$ 127,240
2020	90,721	36,519	127,240
2021	93,480	33,760	127,240
2022	96,323	30,917	127,240
2023	99,253	27,987	127,240
2024 - 2028	543,428	92,773	636,201
2029 - 2031	335,465	14,446	349,911
Total	<u>\$ 1,346,713</u>	<u>\$ 275,599</u>	<u>\$ 1,622,312</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND TRANSFERS

Transfers In	Transfers Out			Total
	General Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 60,000	\$ 60,000	\$ 120,000
Urban Redevelopment Fund	1,206,491	-	-	1,206,491
Nonmajor Governmental Funds	729,922	-	-	729,922
Nonmajor Enterprise Funds	282,065	-	-	282,065
Total	<u>\$ 2,218,478</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 2,338,478</u>

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

NOTE 9. JOINT VENTURE

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Plan Membership

As of July 1, 2018, the date of the most recent actuarial valuation, there were 139 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not receiving benefits	30
Active plan members	71
	<hr/>
	139

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended December 31, 2018, the City's contribution rate was 11.7% of annual payroll. City contributions to the Plan were \$397,643 for the year ended December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

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

The City's net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2018.

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% – plus service based merit increases
Investment rate of return	7.50%

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.71 %
International equity	20	7.71
Real estate	10	5.21
Global fixed income	5	3.36
Domestic fixed income	20	2.11
Total	100 %	

* Rates shown are net of the 2.75% assumed rate of inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended December 31, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 9,087,147	\$ 7,696,870	\$ 1,390,277
Changes for the year:			
Service cost	322,052	-	322,052
Interest	685,378	-	685,378
Differences between expected and actual experience	180,527	-	180,527
Assumption changes	-	-	-
Contributions - employer	-	373,239	(373,239)
Contributions - employee	-	-	-
Net investment income	-	951,855	(951,855)
Benefit payments, including refunds of employee contributions	(487,128)	(487,128)	-
Administrative expense	-	(18,215)	18,215
Other	145,682	-	145,682
Net changes	846,511	819,751	26,760
Balances at December 31, 2018	\$ 9,933,658	\$ 8,516,621	\$ 1,417,037

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 2,636,827	\$ 1,417,037	\$ 393,578

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2018, 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, 2018, the City recognized pension expense of \$398,376. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,867	\$ 131,330
Changes in assumptions	118,058	-
Net difference between projected and actual earnings on pension plan investments	-	304,808
City contributions subsequent to the measurement date	298,232	-
Total	<u>\$ 627,157</u>	<u>\$ 436,138</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

City contributions subsequent to the measurement date of \$298,232 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2019	\$ (35,883)
2020	(10,518)
2021	(53,960)
2022	(6,852)
2023	-
Total	<u>\$ (107,213)</u>

NOTE 11. RISK MANAGEMENT

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

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

NOTE 13. HOTEL/MOTEL TAX

The City levies an 8% hotel/motel tax in accordance with the provisions of O.C.G.A. § 48-13-51. In order to comply with the expenditure requirements of this code section, the City remits 40% of the monies from the first 5% collected under this provision to the Henry County Chamber of Commerce. The Henry County Chamber of Commerce also receives 50% of the additional 3%. Total collections for year ended December 31, 2018, were \$454,239. The amount remitted to the Chamber totaled \$198,734.

NOTE 14. LEASE AGREEMENTS

The City leases its solid waste transfer station to Lamar County Regional Solid Waste Management Authority who subleases to Waste Management. The current lease extends until April 30, 2026. The monthly rental charged by the City is \$1.40 for each ton of waste received at the site through April 30, 2021, at which time the monthly rental will be adjusted by the Consumer Price Index (CPI) annually through the termination of the agreement. For the year ended December 31, 2018, the City received \$135,092 in rental fees under the contract. The leased assets cost \$36,116 and are reported net of accumulated depreciation of \$29,796 for a net carrying value of \$6,320.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOCKBRIDGE, GEORGIA

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

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 322,052	\$ 297,396	\$ 247,214	\$ 319,885
Interest on total pension liability	685,378	650,509	611,199	604,791
Differences between expected and actual experience	180,527	(11,712)	132,894	(372,914)
Changes of assumptions	-	-	-	4,539
Changes in benefit terms	-	-	-	3,871
Benefit payments, including refunds of employee contributions	(487,128)	(485,418)	(482,759)	(472,198)
Other	145,682	-	-	-
Net change in total pension liability	846,511	450,775	508,548	87,974
Total pension liability - beginning	9,087,147	8,636,372	8,127,824	8,039,850
Total pension liability - ending (a)	\$ 9,933,658	\$ 9,087,147	\$ 8,636,372	\$ 8,127,824
Plan fiduciary net position				
Contributions - employer	\$ 373,239	\$ 334,499	\$ 401,339	\$ 397,450
Net investment income	951,855	870,208	20,122	629,378
Benefit payments, including refunds of employee contributions	(487,128)	(485,418)	(482,759)	(472,198)
Administrative expenses	(18,215)	(18,512)	(13,276)	(11,731)
Net change in plan fiduciary net position	819,751	700,777	(74,574)	542,899
Plan fiduciary net position - beginning	7,696,870	6,996,093	7,070,667	6,527,768
Plan fiduciary net position - ending (b)	\$ 8,516,621	\$ 7,696,870	\$ 6,996,093	\$ 7,070,667
City's net pension liability (a) - (b)	\$ 1,417,037	\$ 1,390,277	\$ 1,640,279	\$ 1,057,157
Plan fiduciary net position as a percentage of the total pension liability	85.7%	84.7%	81.0%	87.0%
Covered payroll	\$ 2,982,269	\$ 2,839,086	\$ 2,777,571	\$ 2,297,038
City's net pension liability as a percentage of covered payroll	47.52%	48.97%	59.05%	46.02%

Notes to the Schedule

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

CITY OF STOCKBRIDGE, GEORGIA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 397,643	\$ 365,104	\$ 324,417	\$ 427,020	\$ 387,593
Contributions in relation to the actuarially determined contribution	<u>397,643</u>	<u>365,104</u>	<u>324,417</u>	<u>427,020</u>	<u>387,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,401,666	\$ 3,251,123	\$ 3,141,666	\$ 2,954,937	\$ 2,765,158
Contributions as a percentage of covered payroll	11.7%	11.2%	10.3%	14.5%	14.0%

Notes to the Schedule

Valuation date	July 1, 2018
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.50%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Permanent Fund

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

Capital Projects Funds

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

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

City-wide Capital Projects Fund – This fund is used to account for major capital projects that are paid out of the General Fund.

Downtown Development Fund – This fund is used to account for the activities of the City's blended component unit, the Downtown Development Authority.

CITY OF STOCKBRIDGE, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Special Revenue Fund	Permanent Fund	Capital Projects Funds	
	Hotel/Motel Tax Fund	Burke Cemetery Fund	State and Federal Grants Fund	SPLOST III Fund
ASSETS				
Cash and cash equivalents	\$ 521,346	\$ -	\$ 421,922	\$ 2,559,015
Investments	-	12,284	-	-
Taxes receivable	34,348	-	-	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ 555,694</u>	<u>\$ 12,284</u>	<u>\$ 421,922</u>	<u>\$ 2,559,015</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 49,228	\$ 334	\$ 4,175	\$ 46,594
Accrued liabilities	-	-	-	-
Total liabilities	<u>49,228</u>	<u>334</u>	<u>4,175</u>	<u>46,594</u>
Fund Balances:				
Nonspendable:				
Permanent fund corpus	-	5,000	-	-
Restricted:				
Cemetery maintenance	-	6,950	-	-
Capital projects	-	-	417,747	2,512,421
Tourism	506,466	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>506,466</u>	<u>11,950</u>	<u>417,747</u>	<u>2,512,421</u>
Total liabilities and fund balances	<u>\$ 555,694</u>	<u>\$ 12,284</u>	<u>\$ 421,922</u>	<u>\$ 2,559,015</u>

Capital Projects Funds		Total Nonmajor Governmental Funds
City-wide Capital Projects Fund	Downtown Development Fund	
\$ -	\$ 81,615	\$ 3,583,898
-	-	12,284
-	-	34,348
-	2,500	2,500
<u>\$ -</u>	<u>\$ 84,115</u>	<u>\$ 3,633,030</u>
\$ 162,940	\$ 28	\$ 263,299
<u>-</u>	<u>120</u>	<u>120</u>
<u>162,940</u>	<u>148</u>	<u>263,419</u>
-	-	5,000
-	-	6,950
	83,967	3,014,135
-	-	506,466
<u>(162,940)</u>	<u>-</u>	<u>(162,940)</u>
<u>(162,940)</u>	<u>83,967</u>	<u>3,369,611</u>
<u>\$ -</u>	<u>\$ 84,115</u>	<u>\$ 3,633,030</u>

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Special Revenue Fund	Permanent Fund	Capital Projects Funds	
	Hotel/Motel Tax Fund	Burke Cemetery Fund	State and Federal Grants Fund	SPLOST III Fund
Revenues:				
Other taxes	\$ 454,239	\$ -	\$ -	\$ -
Interest income	-	-	-	452
Total revenues	454,239	-	-	452
Expenditures:				
Current:				
Public works	-	334	-	-
Housing and development	284,918	-	-	-
Capital outlay:				
General government	-	-	-	93,725
Public works	-	-	24,563	241,905
Culture and recreation	-	-	-	-
Total expenditures	284,918	334	24,563	335,630
Excess (deficiency) of revenues over expenditures	169,321	(334)	(24,563)	(335,178)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	169,321	(334)	(24,563)	(335,178)
Fund balances, beginning of year	337,145	12,284	442,310	2,847,599
Fund balances (deficit), end of year	\$ 506,466	\$ 11,950	\$ 417,747	\$ 2,512,421

Capital Projects Funds		Total Nonmajor Governmental Funds
City-wide Capital Projects Fund	Downtown Development Fund	
\$ -	\$ -	\$ 454,239
-	-	452
-	-	454,691
-	-	334
-	6,080	290,998
-	-	93,725
-	-	266,468
892,862	-	892,862
892,862	6,080	1,544,387
(892,862)	(6,080)	(1,089,696)
729,922	-	729,922
729,922	-	729,922
(162,940)	(6,080)	(359,774)
-	90,047	3,729,385
\$ (162,940)	\$ 83,967	\$ 3,369,611

CITY OF STOCKBRIDGE, GEORGIA
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Taxes	\$ 375,000	\$ 454,239	\$ 79,239
Total revenues	<u>375,000</u>	<u>454,239</u>	<u>79,239</u>
Expenditures:			
Current:			
Housing and development	<u>375,000</u>	<u>284,918</u>	<u>90,082</u>
Total expenditures	<u>375,000</u>	<u>284,918</u>	<u>90,082</u>
Net change in fund balances	-	169,321	169,321
Fund balances, beginning of year	<u>337,145</u>	<u>337,145</u>	<u>-</u>
Fund balances, end of year	<u>\$ 337,145</u>	<u>\$ 506,466</u>	<u>\$ 169,321</u>

NONMAJOR ENTERPRISE FUNDS

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

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

Conference Center Fund – This fund is used to account for activities related to the Merle Manders Conference Center.

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2018

	Community Center Fund	Stormwater Fund	Conference Center Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 97,600	\$ 421,836	\$ 224,412	\$ 743,848
Accounts receivable	-	152,789	-	152,789
Due from other governments	-	396	-	396
Prepaid expenses	355	1,490	943	2,788
Total current assets	97,955	576,511	225,355	899,821
NONCURRENT ASSETS				
Capital assets, net of accumulated depreciation	612,150	1,126,348	2,387,920	4,126,418
Total noncurrent assets	612,150	1,126,348	2,387,920	4,126,418
Total assets	710,105	1,702,859	2,613,275	5,026,239
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	50,648	22,446	73,094
Total deferred outflows of resources	-	50,648	22,446	73,094
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	4,357	46,908	24,727	75,992
Retainage payable	-	15,773	-	15,773
Accrued liabilities	-	7,370	5,645	13,015
Customer deposits	14,290	-	22,420	36,710
Compensated absences due within one year	-	3,224	2,364	5,588
Total current liabilities	18,647	73,275	55,156	147,078
NONCURRENT LIABILITIES				
Compensated absences due in more than one year	-	12,895	9,456	22,351
Net pension liability	-	114,436	50,716	165,152
Total noncurrent liabilities	-	127,331	60,172	187,503
Total liabilities	18,647	200,606	115,328	334,581
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	35,221	15,610	50,831
Total deferred inflows of resources	-	35,221	15,610	50,831
NET POSITION				
Investment in capital assets	612,150	1,126,348	2,387,920	4,126,418
Unrestricted	79,308	391,332	116,863	587,503
Total net position	\$ 691,458	\$ 1,517,680	\$ 2,504,783	\$ 4,713,921

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Community Center Fund	Stormwater Fund	Conference Center Fund	Totals
OPERATING REVENUES				
Charges for services:				
Rentals	\$ 47,086	\$ -	\$ 186,452	\$ 233,538
Stormwater fees	-	521,509	-	521,509
Total operating revenues	<u>47,086</u>	<u>521,509</u>	<u>186,452</u>	<u>755,047</u>
OPERATING EXPENSES				
Personal services	-	401,445	209,571	611,016
Contracted services	23,382	67,228	147,193	237,803
Supplies	10,127	27,900	48,068	86,095
Repairs and maintenance	4,861	59,128	9,496	73,485
Depreciation	22,162	64,564	88,178	174,904
Total operating expenses	<u>60,532</u>	<u>620,265</u>	<u>502,506</u>	<u>1,183,303</u>
Operating loss	<u>(13,446)</u>	<u>(98,756)</u>	<u>(316,054)</u>	<u>(428,256)</u>
Loss before transfers	(13,446)	(98,756)	(316,054)	(428,256)
TRANSFERS IN	-	-	282,065	282,065
TRANSFERS OUT	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Change in net position	(13,446)	(158,756)	(33,989)	(206,191)
NET POSITION, beginning of year	<u>704,904</u>	<u>1,676,436</u>	<u>2,538,772</u>	<u>4,920,112</u>
NET POSITION, end of year	<u>\$ 691,458</u>	<u>\$ 1,517,680</u>	<u>\$ 2,504,783</u>	<u>\$ 4,713,921</u>

CITY OF STOCKBRIDGE, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Community Center Fund	Stormwater Fund	Conference Center Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 49,966	\$ 515,306	\$ 166,730	\$ 732,002
Payments to suppliers and service providers	(35,805)	(112,595)	(195,014)	(343,414)
Payments to employees	-	(400,674)	(206,867)	(607,541)
Net cash provided by (used in) operating activities	14,161	2,037	(235,151)	(218,953)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	-	(60,000)	282,065	222,065
Net cash provided by (used in) non-capital financing activities	-	(60,000)	282,065	222,065
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(6,500)	(359,828)	(61,553)	(427,881)
Net cash used in capital and related financing activities	(6,500)	(359,828)	(61,553)	(427,881)
Increase (decrease) in cash and cash equivalents	7,661	(417,791)	(14,639)	(424,769)
Cash and cash equivalents:				
Beginning of year	89,939	839,627	239,051	1,168,617
End of year	<u>\$ 97,600</u>	<u>\$ 421,836</u>	<u>\$ 224,412</u>	<u>\$ 743,848</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (13,446)	\$ (98,756)	\$ (316,054)	\$ (428,256)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	22,162	64,564	88,178	174,904
(Increase) in accounts receivable	-	(9,160)	-	(9,160)
Decrease in due from other governments	-	2,957	-	2,957
Decrease in deferred outflows of resources-pension	-	4,102	3,335	7,437
Increase (decrease) in customer deposits	2,880	-	(19,722)	(16,842)
(Increase) decrease in prepaid expenses	(115)	2,629	(312)	2,202
Increase in accrued liabilities	-	531	5,332	5,863
Increase in accounts payable	2,680	23,259	10,055	35,994
Increase in retainage payable	-	15,773	-	15,773
Decrease in deferred inflows of resources-pension	-	(6,229)	(3,908)	(10,137)
Increase (decrease) in net pension liability	-	2,367	(2,055)	312
Net cash provided by (used in) operating activities	<u>\$ 14,161</u>	<u>\$ 2,037</u>	<u>\$ (235,151)</u>	<u>\$ (218,953)</u>

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST III FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Complete
			Beginning of Year	Current Year	To Date	
Roads, bridges, sidewalks and transportation facilities	\$ 3,060,000	\$ 1,742,941	\$ 1,742,941	\$ -	\$ 1,742,941	100.00%
Public safety facilities and equipment	2,000,000	2,551,386	2,551,386	-	2,551,386	100.00%
Public works facilities and equipment	17,097,500	7,615,084	4,989,781	241,905	5,231,686	68.70%
Construction and renovation of municipal buildings	10,700,000	6,299,165	6,201,921	93,725	6,295,646	99.94%
Totals	<u>\$ 32,857,500</u>	<u>\$ 18,208,576</u>	<u>\$ 15,486,029</u>	<u>\$ 335,630</u>	<u>\$ 15,821,659</u>	<u>86.89%</u>

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST IV FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Complete
			Beginning of Year	Current Year	To Date	
Roads, bridges, sidewalks and transportation facilities	\$ 1,500,000	\$ 5,550,000	\$ 960,615	\$ 1,067,169	\$ 2,027,784	36.54%
Public safety facilities and equipment	4,180,000	150,000	9,943	104,755	114,698	76.47%
Public works facilities and equipment	19,000,000	12,250,000	2,674,480	140,113	2,814,593	22.98%
Parks and recreation	2,000,000	1,550,000	781,525	321,656	1,103,181	71.17%
Totals	<u>\$ 26,680,000</u>	<u>\$ 19,500,000</u>	<u>\$ 4,426,563</u>	<u>\$ 1,633,693</u>	<u>\$ 6,060,256</u>	<u>31.08%</u>

STATISTICAL SECTION

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

Page

Financial Trends 63 – 76

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

Revenue Capacity 77 – 79

These schedules contain information to help the reader assess the City's most significant local revenue source, sales taxes.

Debt Capacity 80 – 85

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

Demographic and Economic Information..... 86 and 87

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

Operating Information 88 – 92

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

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

CITY OF STOCKBRIDGE, GEORGIA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 17,811,919	\$ 19,619,619	\$ 20,568,400	\$ 21,525,515
Restricted	4,039,095	3,375,196	5,215,699	6,091,361
Unrestricted	8,380,668	8,980,105	9,896,589	10,899,219
Total governmental activities net position	<u>\$ 30,231,682</u>	<u>\$ 31,974,920</u>	<u>\$ 35,680,688</u>	<u>\$ 38,516,095</u>
Business-Type Activities				
Net investment in capital assets	\$ 15,995,790	\$ 17,320,303	\$ 16,812,443	\$ 16,233,167
Restricted	-	412,499	-	-
Unrestricted	1,123,893	1,540,982	2,992,430	4,115,652
Total business-type activities net position	<u>\$ 17,119,683</u>	<u>\$ 19,273,784</u>	<u>\$ 19,804,873</u>	<u>\$ 20,348,819</u>
Primary Government				
Net investment in capital assets	\$ 33,807,709	\$ 36,939,922	\$ 37,380,843	\$ 37,758,682
Restricted	4,039,095	3,787,695	5,215,699	6,091,361
Unrestricted	9,504,561	10,521,087	12,889,019	15,014,871
Total primary government net position	<u>\$ 47,351,365</u>	<u>\$ 51,248,704</u>	<u>\$ 55,485,561</u>	<u>\$ 58,864,914</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 32,551,895	\$ 30,884,452	\$ 29,316,744	\$ 24,706,392	\$ 25,476,622	\$ 26,862,664
4,090,481	6,707,544	14,922,842	16,757,135	15,313,394	16,603,867
6,138,430	7,423,318	7,770,791	14,920,345	17,534,743	17,496,942
<u>\$ 42,780,806</u>	<u>\$ 45,015,314</u>	<u>\$ 52,010,377</u>	<u>\$ 56,383,872</u>	<u>\$ 58,324,759</u>	<u>\$ 60,963,473</u>
\$ 14,173,806	\$ 15,869,585	\$ 16,460,917	\$ 16,337,920	\$ 18,655,646	\$ 18,698,180
-	-	-	-	-	-
4,716,724	5,891,310	6,533,628	7,495,232	7,231,099	7,462,589
<u>\$ 18,890,530</u>	<u>\$ 21,760,895</u>	<u>\$ 22,994,545</u>	<u>\$ 23,833,152</u>	<u>\$ 25,886,745</u>	<u>\$ 26,160,769</u>
\$ 46,725,701	\$ 46,754,037	\$ 45,777,661	\$ 41,044,312	\$ 44,132,268	\$ 45,560,844
4,090,481	6,707,544	14,922,842	16,757,135	15,313,394	16,603,867
10,855,154	13,314,628	14,304,419	22,415,577	24,765,842	24,959,531
<u>\$ 61,671,336</u>	<u>\$ 66,776,209</u>	<u>\$ 75,004,922</u>	<u>\$ 80,217,024</u>	<u>\$ 84,211,504</u>	<u>\$ 87,124,242</u>

CITY OF STOCKBRIDGE, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 2,400,464	\$ 2,515,610	\$ 3,685,693	\$ 3,155,588
Judicial (1)	-	-	793,371	711,290
Public safety	677,665	1,080,261	638,889	738,576
Public works	2,083,352	1,971,459	2,196,017	2,202,773
Culture and recreation	245,170	228,944	-	63,035
Housing and development	221,412	133,444	130,855	214,411
Interest on long-term debt	855,074	749,810	734,837	704,873
Total governmental activities expenses	<u>6,483,137</u>	<u>6,679,528</u>	<u>8,179,662</u>	<u>7,790,546</u>
Business-type activities:				
Water and sewer	2,702,794	2,664,977	2,637,874	2,607,609
Stormwater	474,327	471,972	402,250	287,346
Solid waste	1,088,706	966,489	927,975	804,642
Conference center	549,345	518,217	494,312	366,119
Community center	-	70,853	120,702	125,847
Total business-type activities	<u>4,815,172</u>	<u>4,692,508</u>	<u>4,583,113</u>	<u>4,191,563</u>
Total primary government	<u>\$ 11,298,309</u>	<u>\$ 11,372,036</u>	<u>\$ 12,762,775</u>	<u>\$ 11,982,109</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 211,047	\$ 262,785	\$ 291,440	\$ 372,647
Judicial	728,773	779,488	-	1,005,117
Public safety	-	-	1,473,453	-
Public works	450	7,029	-	-
Culture and recreation	9,893	10,006	-	-
Housing and development	28,374	67,449	-	-
Operating grants and contributions	-	-	690,000	-
Capital grants and contributions	1,010,556	1,985,246	2,557,612	2,193,557
Total governmental activities program revenues	<u>1,989,093</u>	<u>3,112,003</u>	<u>5,012,505</u>	<u>3,571,321</u>
Business-type activities:				
Charges for services:				
Water and sewer	2,639,751	2,755,999	2,764,241	2,776,146
Stormwater	487,815	491,631	703,228	494,874
Solid waste	967,395	1,152,171	1,151,748	1,155,246
Conference center	121,784	174,984	156,008	124,258
Community center	-	24,281	34,964	38,828
Capital grants and contributions	51,092	1,178,613	-	-
Total business-type activities program revenues	<u>4,267,837</u>	<u>5,777,679</u>	<u>4,810,189</u>	<u>4,589,352</u>
Total primary government program revenues	<u>\$ 6,256,930</u>	<u>\$ 8,889,682</u>	<u>\$ 9,822,694</u>	<u>\$ 8,160,673</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 5,936,424	\$ 3,561,543	\$ 3,366,285	\$ 3,496,445	\$ 3,397,192	\$ 4,192,501
847,430	787,946	665,664	447,338	172,218	-
811,804	744,104	848,136	177,125	436,880	198,810
360,679	2,844,049	2,829,741	2,058,092	2,608,574	4,768,839
66,573	-	10,577	-	-	-
191,209	203,265	1,267,243	739,159	1,037,910	1,480,341
681,001	656,137	629,911	602,535	573,861	544,013
8,895,120	8,797,044	9,617,557	7,520,694	8,226,635	11,184,504
3,560,527	2,884,646	3,158,357	3,090,427	3,429,805	3,515,666
434,772	349,691	212,729	389,999	599,575	620,265
874,678	728,744	719,355	1,024,671	1,270,720	1,417,032
347,392	331,099	290,062	393,485	492,130	502,506
95,972	28,849	49,768	51,876	56,177	60,532
5,313,341	4,323,029	4,430,271	4,950,458	5,848,407	6,116,001
\$ 14,208,461	\$ 13,120,073	\$ 14,047,828	\$ 12,471,152	\$ 14,075,042	\$ 17,300,505
\$ 345,093	\$ 450,308	\$ 347,970	\$ 430,767	\$ 440,347	\$ 963,720
1,184,636	1,179,667	1,018,700	419,041	43,678	28,600
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,171,384	3,886,677	8,732,683	2,863,565	2,811,531	3,387,128
4,701,113	5,516,652	10,099,353	3,713,373	3,295,556	4,379,448
2,835,775	2,938,884	3,067,407	3,356,353	3,580,309	3,972,963
495,025	493,402	495,077	509,886	510,920	521,509
1,145,486	1,167,463	1,170,475	1,212,246	1,237,250	1,248,109
170,707	194,518	163,297	168,874	198,496	186,452
43,438	34,661	46,788	48,538	46,417	47,086
-	-	-	-	-	-
4,690,431	4,828,928	4,943,044	5,295,897	5,573,392	5,976,119
\$ 9,391,544	\$ 10,345,580	\$ 15,042,397	\$ 9,009,270	\$ 8,868,948	\$ 10,355,567

(Continued)

CITY OF STOCKBRIDGE, GEORGIA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012
Net (expense)/revenue				
Governmental activities	\$ (4,494,044)	\$ (3,567,525)	\$ (3,167,157)	\$ (4,219,225)
Business-type activities	(547,335)	1,085,171	227,076	397,789
Total primary government net expense	<u>\$ (5,041,379)</u>	<u>\$ (2,482,354)</u>	<u>\$ (2,940,081)</u>	<u>\$ (3,821,436)</u>
General Revenues and				
Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 33,566	\$ 25,396	\$ -	\$ -
Sales taxes	2,759,279	3,130,180	3,198,744	3,322,774
Franchise taxes	1,243,106	1,334,679	1,403,671	1,398,424
Alcoholic beverage taxes	588,149	589,448	587,497	603,903
Business and occupation taxes	504,022	490,959	512,690	582,833
Insurance premium taxes	546,281	530,405	1,202,436	1,277,188
Hotel/Motel taxes	96,394	95,008	96,100	64,431
Other taxes	8,802	5,373	38,017	51,048
Unrestricted investment earnings	360,899	155,468	132,640	84,720
Gain on sale of capital assets	-	-	-	8,085
Miscellaneous	16,865	15,399	-	-
Transfers	(3,704,661)	(1,061,552)	(298,870)	(204,668)
Total governmental activities	<u>2,452,702</u>	<u>5,310,763</u>	<u>6,872,925</u>	<u>7,188,738</u>
Business-type activities:				
Unrestricted investment earnings	18,790	7,378	5,143	2,197
Gain on sale of capital assets	-	-	-	-
Transfers	3,704,661	1,061,552	298,870	204,668
Total business-type activities	<u>3,723,451</u>	<u>1,068,930</u>	<u>304,013</u>	<u>206,865</u>
Total primary government	<u>\$ 6,176,153</u>	<u>\$ 6,379,693</u>	<u>\$ 7,176,938</u>	<u>\$ 7,395,603</u>
Change in Net Position				
Governmental activities	\$ (2,041,342)	\$ 1,743,238	\$ 3,705,768	\$ 2,969,513
Business-type activities	3,176,116	2,154,101	531,089	604,654
Total primary government	<u>\$ 1,134,774</u>	<u>\$ 3,897,339</u>	<u>\$ 4,236,857</u>	<u>\$ 3,574,167</u>

Note:

(1) The Judicial function was recorded in Public Safety for years prior to 2011.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (4,194,007)	\$ (3,280,392)	\$ 481,796	\$ (3,807,321)	\$ (4,931,079)	\$ (6,805,056)
(622,910)	505,899	512,773	345,439	(275,015)	(139,882)
<u>\$ (4,816,917)</u>	<u>(2,774,493)</u>	<u>\$ 994,569</u>	<u>\$ (3,461,882)</u>	<u>\$ (5,206,094)</u>	<u>\$ (6,944,938)</u>
\$ 231,993	\$ 271,113	\$ 226,911	\$ 124,284	\$ 126,814	\$ 221,334
3,260,524	3,403,706	3,597,732	3,785,414	3,887,722	4,161,389
1,355,500	1,452,601	1,546,828	1,480,642	1,419,291	1,497,519
621,381	663,251	704,298	711,402	726,445	747,612
617,617	472,466	564,290	601,511	661,371	815,350
1,322,407	1,419,779	1,516,512	1,642,740	1,751,247	1,888,635
87,052	92,580	130,588	222,993	445,240	454,239
74,168	84,437	120,925	103,613	180,437	68,837
49,919	17,715	4,322	1,381	2,007	2,761
-	-	-	-	-	-
-	-	-	-	-	-
838,157	(2,362,748)	(1,123,522)	(493,164)	(2,328,608)	(413,906)
<u>8,458,718</u>	<u>5,514,900</u>	<u>7,288,884</u>	<u>8,180,816</u>	<u>6,871,966</u>	<u>9,443,770</u>
1,888	1,718	334	4	-	-
890	-	42,791	-	-	-
(838,157)	2,362,748	1,123,522	493,164	2,328,608	413,906
(835,379)	2,364,466	1,166,647	493,168	2,328,608	413,906
<u>\$ 7,623,339</u>	<u>\$ 7,879,366</u>	<u>\$ 8,455,531</u>	<u>\$ 8,673,984</u>	<u>\$ 9,200,574</u>	<u>\$ 9,857,676</u>
\$ 4,264,711	\$ 2,234,508	\$ 7,770,680	\$ 4,373,495	\$ 1,940,887	\$ 2,638,714
(1,458,289)	2,870,365	1,679,420	838,607	2,053,593	274,024
<u>\$ 2,806,422</u>	<u>\$ 5,104,873</u>	<u>\$ 9,450,100</u>	<u>\$ 5,212,102</u>	<u>\$ 3,994,480</u>	<u>\$ 2,912,738</u>

CITY OF STOCKBRIDGE, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Business and Occupation Tax	Insurance Premium Tax
2009	\$ 33,566	\$ 2,759,279	\$ 1,243,106	\$ 588,149	\$ 504,022	\$ 546,281
2010	25,396	3,130,180	1,334,679	589,448	490,959	530,405
2011	-	3,198,744	1,403,671	587,497	512,690	1,202,436
2012	-	3,322,774	1,398,424	603,903	582,833	1,277,188
2013	231,993	3,260,524	1,355,500	621,381	617,617	1,322,407
2014	271,113	3,403,706	1,452,601	663,251	472,466	1,419,779
2015	226,911	3,597,732	1,546,828	704,298	564,290	1,516,512
2016	124,284	3,785,414	1,480,642	711,402	601,511	1,642,740
2017	126,814	3,887,722	1,419,291	726,445	661,371	1,751,247
2018	221,334	4,161,389	1,497,519	747,612	815,350	1,888,635

Note: Sales and Use Tax revenues along with most other tax revenue sources have increased due to the significant growth in both population and commercial businesses.

Other Taxes		Total	
\$	105,196	\$	5,779,599
	100,381		6,201,448
	134,117		7,039,155
	115,479		7,300,601
	161,220		7,570,642
	177,017		7,859,933
	251,513		8,408,084
	326,606		8,672,599
	625,677		9,198,567
	523,076		9,854,915

CITY OF STOCKBRIDGE, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 92,510	\$ 87,869	\$ -	\$ -
Unreserved	7,800,835	8,318,250	-	-
Nonspendable	-	-	97,446	108,753
Restricted	-	-	-	-
Assigned	-	-	1,408,219	2,738,528
Unassigned	-	-	8,306,801	8,199,749
Total General Fund	<u>\$ 7,893,345</u>	<u>\$ 8,406,119</u>	<u>\$ 9,812,466</u>	<u>\$ 11,047,030</u>
All Other Governmental Funds				
Reserved	\$ 5,341,334	\$ 3,375,196	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	4,420	987	-	-
Capital project funds	553,171	413,648	-	-
Nonspendable	-	-	5,000	5,000
Restricted, reported in:				
Special revenue funds	-	-	-	39,428
Capital project funds	-	-	-	6,040,284
Permanent fund	-	-	-	6,649
Committed, reported in:				
Special revenue funds	-	-	3,112	-
Capital project funds	-	-	5,201,241	-
Permanent fund	-	-	6,346	-
Assigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	<u>\$ 5,898,925</u>	<u>\$ 3,789,831</u>	<u>\$ 5,215,699</u>	<u>\$ 6,091,361</u>

Note: Governmental Accounting Standards Board Statement No. 54 was adopted in 2011.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
6,138,534	6,116,722	6,078,840	4,605,760	2,289,521	2,274,304
62,475	-	166,864	-	-	-
142,654	113,588	138,184	58,937	2,874	829,299
4,486,260	6,166,220	8,232,433	11,326,184	16,328,566	15,634,005
<u>\$ 10,829,923</u>	<u>\$ 12,396,530</u>	<u>\$ 14,616,321</u>	<u>\$ 15,990,881</u>	<u>\$ 18,620,961</u>	<u>\$ 18,737,608</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
280,684	592,900	5,684	5,597	5,000	5,000
40,220	68,238	129,398	187,190	337,145	506,466
3,975,827	6,627,115	14,614,296	16,557,661	14,963,965	16,085,451
6,959	7,191	7,284	7,284	7,284	6,950
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,879,042)	(5,513,757)	(5,765,237)	-	-	(162,940)
<u>\$ (575,352)</u>	<u>\$ 1,781,687</u>	<u>\$ 8,991,425</u>	<u>\$ 16,757,732</u>	<u>\$ 15,313,394</u>	<u>\$ 16,440,927</u>

CITY OF STOCKBRIDGE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2009	2010	2011	2012
Revenues				
Taxes	\$ 5,763,622	\$ 6,212,600	\$ 7,025,634	\$ 7,305,739
Licenses and permits	155,059	173,644	189,267	197,922
Intergovernmental	1,010,556	1,800,512	2,596,932	2,318,009
Fines and forfeitures	746,086	775,496	1,020,491	974,404
Charges for services	4,404	1,417	503,570	1,014
Contributions	-	-	-	-
Rental income	-	-	-	-
Investment earnings	360,901	164,888	142,228	96,095
Miscellaneous	81,726	178,575	788,603	173,711
Total revenues	<u>8,122,354</u>	<u>9,307,132</u>	<u>12,266,725</u>	<u>11,066,894</u>
Expenditures				
General government	1,875,398	1,936,207	2,688,145	2,638,257
Judicial	467,591	585,113	706,127	663,595
Public safety	207,439	472,637	585,912	671,902
Public works and parks	1,945,353	1,913,170	2,073,554	1,943,761
Health and welfare	-	-	-	-
Housing and development	-	-	-	170,736
Urban redevelopment	19,852	71,855	99,243	10,682
Code enforcement	66,172	51,634	68,554	-
Tourism and promotion	55,247	62,105	61,614	41,636
Capital outlay	5,946,411	4,373,084	1,635,475	1,405,054
Debt service			-	
Principal	6,770,014	455,000	480,000	500,000
Interest	883,423	758,539	737,016	714,462
Total expenditures	<u>18,236,900</u>	<u>10,679,344</u>	<u>9,135,640</u>	<u>8,760,085</u>
Excess of revenues over (under) expenditures	<u>(10,114,546)</u>	<u>(1,372,212)</u>	<u>3,131,085</u>	<u>2,306,809</u>
Other financing sources (uses)				
Proceeds from debt issues	3,339,988	-	-	-
Recognition of extinguishment of debt	-	-	-	-
Transfers	(3,106,178)	(224,108)	(298,870)	(204,668)
Proceeds from sale of assets	-	-	-	8,085
Total other financing sources (uses)	<u>233,810</u>	<u>(224,108)</u>	<u>(298,870)</u>	<u>(196,583)</u>
Net change in fund balances	<u>\$ (9,880,736)</u>	<u>\$ (1,596,320)</u>	<u>\$ 2,832,215</u>	<u>\$ 2,110,226</u>
Debt service as a percentage of noncapital expenditures	59.0%	19.2%	17.8%	16.7%

Note: There was a significant increase in intergovernmental revenue in 2015 due to \$6,000,000 bond issuance for SPLOST projects.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 7,565,511	\$ 7,860,843	\$ 8,399,813	\$ 8,625,047	\$ 9,266,993	\$ 9,854,915
246,441	174,297	211,001	258,637	291,989	714,550
2,899,752	3,861,031	8,721,298	2,839,897	2,758,823	3,278,162
1,131,672	1,210,910	1,059,330	539,215	68,652	39,297
4,391	1,187	3,078	5,590	7,858	74,112
125,000	-	-	-	-	-
-	21,226	700	-	600	30,969
57,298	22,135	15,707	25,049	54,715	111,727
94,261	274,824	133,191	161,623	139,752	144,089
<u>12,124,326</u>	<u>13,426,453</u>	<u>18,544,118</u>	<u>12,455,058</u>	<u>12,589,382</u>	<u>14,247,821</u>
3,190,031	2,929,787	2,673,703	2,701,378	2,990,473	4,655,663
805,170	767,735	615,842	437,762	180,971	122,342
745,644	671,715	790,475	136,373	161,280	148,680
2,985,676	2,051,248	1,978,791	1,699,509	2,122,376	2,361,610
-	-	-	-	-	-
190,100	512,598	1,233,236	739,159	1,042,949	1,479,499
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,732,121	1,214,890	562,889	869,169	4,121,584	2,886,748
520,000	545,000	570,000	595,000	625,000	650,000
690,980	666,595	640,851	613,951	585,859	556,491
<u>18,859,722</u>	<u>9,359,568</u>	<u>9,065,787</u>	<u>7,792,301</u>	<u>11,830,492</u>	<u>12,861,033</u>
<u>(6,735,396)</u>	<u>4,066,885</u>	<u>9,478,331</u>	<u>4,662,757</u>	<u>758,890</u>	<u>1,386,788</u>
-	-	-	-	-	-
-	-	-	4,532,836	-	-
(150,464)	(143,239)	(48,802)	(54,726)	(120,785)	(162,065)
2,040	-	-	-	547,637	19,457
<u>(148,424)</u>	<u>(143,239)</u>	<u>(48,802)</u>	<u>4,478,110</u>	<u>426,852</u>	<u>(142,608)</u>
<u>\$ (6,883,820)</u>	<u>\$ 3,923,646</u>	<u>\$ 9,429,529</u>	<u>\$ 9,140,867</u>	<u>\$ 1,185,742</u>	<u>\$ 1,244,180</u>
14.6%	15.1%	13.7%	17.7%	14.7%	11.4%

CITY OF STOCKBRIDGE, GEORGIA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Insurance Premium Tax
2009	\$ 33,566	\$ 2,759,279	\$ 1,243,106	\$ 574,702	\$ 546,281
2010	25,427	3,130,180	1,334,679	602,896	530,405
2011	-	3,198,744	1,403,671	587,497	1,202,436
2012	-	3,322,774	1,390,041	603,903	1,277,188
2013	231,993	3,260,524	1,350,369	621,381	1,322,407
2014	271,113	3,403,706	1,453,511	663,251	1,419,779
2015	226,911	3,597,732	1,538,557	704,298	1,516,512
2016	124,284	3,785,414	1,433,090	711,402	1,642,740
2017	126,814	3,887,722	1,487,717	726,445	1,751,247
2018	221,334	4,161,389	1,497,519	747,612	1,888,635

Note: Sales and Use Tax revenues along with most other tax revenue sources have increased due to the significant growth in both population and commercial businesses.

Business and Occupation Tax		Other Taxes	Total
<hr/>			
\$	504,022	\$ 102,666	\$ 5,763,622
	488,662	100,351	6,212,600
	512,690	120,596	7,025,634
	582,833	129,000	7,305,739
	617,617	161,220	7,565,511
	444,366	205,117	7,860,843
	558,840	256,963	8,399,813
	546,502	381,615	8,625,047
	661,371	625,677	9,266,993
	815,350	523,076	9,854,915

CITY OF STOCKBRIDGE, GEORGIA

ASSESSED VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Tax Year	Assessed Value				Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real and Personal Property	Motor Vehicle	Mobile Home	Other			
2009	\$ 892,754,645	\$ 26,748,980	\$ 2,221,673	\$ -	\$ (31,084,976)	\$ 890,640,322	0.000
2010	786,965,210	21,619,380	2,087,040	-	(31,226,126)	779,445,504	0.000
2011	730,742,299	22,664,440	2,482,237	22,000	(27,074,707)	728,836,269	0.000
2012	640,653,501	25,135,180	2,079,278	9,089	(26,751,580)	641,125,468	0.000
2013	653,081,289	25,863,520	1,604,083	165,000	(41,029,339)	639,684,553	0.000
2014	676,829,226	20,949,450	1,595,881	762,897	(6,332,991)	693,804,463	0.000
2015	734,070,209	15,891,630	1,542,715	10,099	(7,374,892)	744,139,761	0.000
2016	806,767,219	11,699,210	1,475,725	20,499	(8,617,909)	811,344,744	0.000
2017	851,439,452	8,526,740	1,540,136	-	(13,588,601)	847,917,727	0.000
2018	903,388,035	5,912,810	1,534,666	57,530	(15,504,457)	895,388,584	0.000

SOURCE:

Henry County Tax Commissioner

Note: Assessed value is calculated at 40% of estimated actual fair market value.

CITY OF STOCKBRIDGE, GEORGIA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE) LAST TEN FISCAL YEARS

<u>Tax/Fiscal Year</u>	<u>City</u>	<u>County</u>	<u>County School District M&O</u>	<u>County School District M&O</u>	<u>Water</u>	<u>Hospital</u>	<u>State</u>	<u>Total</u>
2009	0.00	10.97	20.00	3.06	2.00	1.00	0.25	37.28
2010	0.00	10.97	20.00	3.06	2.00	1.00	0.25	37.28
2011	0.00	11.75	20.00	3.06	2.00	1.00	0.25	38.06
2012	0.00	14.50	20.00	3.63	2.00	0.00	0.20	40.33
2013	0.00	14.50	20.00	3.63	2.00	0.00	0.15	40.28
2014	0.00	14.30	20.00	3.63	2.00	0.00	0.10	40.03
2015	0.00	13.87	20.00	3.63	2.00	0.00	0.05	39.55
2016	0.00	12.73	20.00	3.63	2.00	0.00	0.00	38.36
2017	0.00	12.73	20.00	3.63	2.00	0.00	0.00	38.36
2018	0.00	12.73	20.00	3.63	2.00	0.00	0.00	38.36

SOURCE:

Henry County Tax Commissioner

Note: All tax rates are per \$1,000 assessed valuation, less exemptions.

CITY OF STOCKBRIDGE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Real Estate Business Trust	\$ 14,521	1	1.62%	\$ 20,931	1	2.35%
Vulcan Lands and Materials LLC	18,575	2	2.07%	9,841	4	1.10%
St Ives Apartments LLC	10,720	3	1.20%	8,940	6	1.00%
West Henry Land Corp & Etal	10,207	4	1.14%	11,497	2	1.29%
South Atlanta Eastwood Village LLC	11,200	5	1.25%	-	-	-
JES @ Eagles Landing LLC & Round	9,386	6	1.05%	7,384	7	0.83%
CSP Community Owner LLC	8,640	7	0.96%	8,956	5	1.01%
HPI Waterford Landing LLC	7,680	8	0.86%	-	-	-
Georgia Power Company	7,379	9	0.82%	-	-	-
TPG Stonegate LLC	6,036	10	0.67%	-	-	-
CS Stockbridge LKE LLC	-	-	-	7,082	8	0.80%
WR of Stockbridge II LLC	-	-	-	6,238	10	0.70%
Concert PSP Atlanta - Eastwood	-	-	-	9,897	3	1.11%
Waterford Eagles LLC	-	-	-	6,640	9	0.75%
Total	<u>\$ 104,344</u>		<u>11.65%</u>	<u>\$ 97,406</u>		<u>10.94%</u>

SOURCE:

Henry County Tax Commissioner

Note: Amounts expressed in thousands.

CITY OF STOCKBRIDGE, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities	Business-type Activities			Total Primary Government
	Redevelopment Agency Bonds	Revenue Bonds	Notes Payable	Total	
2009	\$ 16,690,000	\$ -	\$ -	\$ -	\$ 16,690,000
2010	16,235,000	-	1,507,350	1,507,350	17,742,350
2011	15,755,000	-	1,894,386	1,894,386	17,649,386
2012	15,255,000	-	1,823,000	1,823,000	17,078,000
2013	14,735,000	-	1,749,444	1,749,444	16,484,444
2014	14,190,000	-	1,673,651	1,673,651	15,863,651
2015	13,620,000	-	1,595,552	1,595,552	15,215,552
2016	13,025,000	-	1,515,078	1,515,078	14,540,078
2017	12,400,000	-	1,432,156	1,432,156	13,832,156
2018	11,750,000	-	1,346,713	1,346,713	13,096,713

SOURCE:

Population data from Quick Facts Census Data

Note: Details regarding the City's outstanding debt can be found in Note 7 of the current financial statements.

Population	Percentage of Personal Income	Per Capita
22,000	3.37 %	\$ 759
25,636	3.24	692
26,493	2.82	666
26,731	2.66	639
26,905	2.68	613
27,205	2.54	583
27,619	2.29	551
28,202	2.25	516
29,114	2.07	475
29,638	1.81	442

CITY OF STOCKBRIDGE, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 89,064,032	\$ 78,696,521	\$ 72,883,627	\$ 64,115,468
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 89,064,032</u>	<u>\$ 78,696,521</u>	<u>\$ 72,883,627</u>	<u>\$ 64,115,468</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: Under Georgia law, the City of Stockbridge's outstanding general obligation debt should not exceed 10% of total assessed property value. The City has no general obligation debt that is subject to the debt limitation.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 63,968,455	\$ 69,380,446	\$ 74,413,976	\$ 81,134,474	\$ 84,791,773	\$ 89,538,858
-	-	-	-	-	-
<u>\$ 63,968,455</u>	<u>\$ 69,380,446</u>	<u>\$ 74,413,976</u>	<u>\$ 81,134,474</u>	<u>\$ 84,791,773</u>	<u>\$ 89,538,858</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF STOCKBRIDGE, GEORGIA

PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Water & Sewer Debt					
	Water & Sewer Fund Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2009	\$ 2,699,950	\$ 2,120,877	\$ 579,073	\$ 310,000	\$ 28,750	\$ 1.71
2010	2,758,726	2,235,521	523,205	-	-	-
2011	2,765,132	2,172,043	593,089	17,515	14,296	18.64
2012	2,776,669	2,061,156	715,513	71,385	55,677	5.63
2013	2,836,218	2,143,837	692,381	73,556	53,500	5.45
2014	2,939,225	2,321,279	617,946	75,793	51,257	4.86
2015	3,190,340	2,490,903	699,437	78,099	48,946	5.51
2016	3,784,703	2,400,268	1,384,435	80,474	46,565	10.90
2017	5,788,132	2,715,737	3,072,395	82,922	44,111	24.19
2018	4,224,804	2,778,790	1,446,014	85,443	41,583	11.38

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Operating expenses do not include interest, depreciation, or amortization expense.
- (3) The City prepaid various Urban Redevelopment Revenue Bond issues and all of the remaining Water and Sewer Revenue Bond issues during 2009.
- (4) Gross revenues include capital contributions.
- (5) Water and Sewer Debt beginning in fiscal year 2011 consists solely of loans through the Georgia Environmental

Urban Redevelopment Revenue Bonds				
Gross/ Pledged Revenues		Principal	Interest	Coverage
\$	5,674,419	\$ 6,770,013	\$ 883,423	0.74
	1,282,123	455,000	758,539	1.06
	1,267,191	480,000	737,016	1.04
	1,214,484	500,000	714,462	1.00
	1,210,983	520,000	690,980	1.00
	1,211,597	545,000	666,595	1.00
	1,210,851	570,000	640,851	1.00
	1,208,951	595,000	613,951	1.00
	1,210,859	625,000	585,859	1.00
	1,206,491	650,000	556,491	1.00

CITY OF STOCKBRIDGE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)(5)</u>	<u>School Enrollment (3)</u>	<u>Stockbridge Unemployment Rate (4)</u>
2009	22,000 (1)	\$ 495,638,000	\$ 22,529	34.2	2,447	10.3 %
2010	25,636 (5)	548,097,680	21,380	32.4	2,371	10.4
2011	26,493 (5)	626,638,929	23,653	33.1	1,561	11.5
2012	26,731 (5)	641,704,386	24,006	34.7	1,745	11.0
2013	26,905 (5)	615,344,255	22,871	34.8	1,742	9.6
2014	27,205 (5)	624,218,725	22,945	35.8	1,667	8.0
2015	27,619 (5)	664,457,902	24,058	34.9	1,691	6.7
2016	28,202 (1)	647,094,890	22,945	35.8	1,604	6.6
2017	29,114 (1)	667,234,652	22,918	35.3	1,617	4.9
2018	29,638 (5)	724,826,928	24,456	35.8	1,612	4.3

SOURCES:

- (1) Atlanta Regional Commission
- (2) Sperling's Best Places
- (3) Henry County Board of Education
- (4) Homefacts.com
- (5) U.S. Census Bureau Estimates

CITY OF STOCKBRIDGE, GEORGIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2018		Fiscal Year 2009	
	Employees	Rank	Employees	Rank
Walmart Supercenter	727	1	541	1
Publix Super Market	268	2	200	3
Henry County Schools within the City	187	3	197	4
Eagles Landing Christian Academy	145	4	140	6
Ingles	104	5	-	-
BrandsMart USA	104	6	159	5
Vulcan Materials	101	7	-	-
Kohl's Department Store	94	8	104	8
City of Stockbridge	73	9	64	11
Eagles Landing Country Club	46	10	96	9
At Home (Garden Ridge in 2007)	28	-	-	-
Hamilton Bank (First State Bank in 2009)	13	-	83	10
SunTrust Bank	-	-	112	7
Symcor LLP	-	-	478	2
Total	1,890		2,174	

SOURCE:

City of Stockbridge, Georgia records

CITY OF STOCKBRIDGE, GEORGIA

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Executive	2	1	1	1	1	2	5	5	4	5
Administration	7	9	9	9	9	10	10	10	12	12
Facilities maintenance	-	-	-	-	-	-	-	4	2	2
Municipal court	4	5	-	-	-	3	3	3	1	1
Public works and parks	18	18	18	19	19	20	20	17	13	19
City events	-	-	-	-	-	-	-	1	1	1
Code enforcement	1	1	1	1	1	2	2	2	2	2
Main street	-	-	-	-	-	1	1	2	2	2
GIS	-	-	-	-	-	-	-	1	1	1
Water/Sewer	15	15	15	15	15	15	15	16	15	18
Stormwater	3	3	3	3	3	3	2	7	7	6
Sanitation	10	10	10	9	9	7	7	1	1	1
Conference Center	4	4	4	4	4	1	1	2	3	3
Total	64	66	61	61	61	64	66	71	64	73

SOURCE:

City of Stockbridge, Georgia records

Notes:

- (1) Employee counts for years 2011 - 2013 are estimates based on available information.
- (2) Elected officials and appointed court personnel are not included.
- (3) The City of Stockbridge uses personnel services lawn maintenance, not included above.

CITY OF STOCKBRIDGE, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN CALENDAR YEARS

Function	2009	2010	2011	2012
Municipal Court				
Fines and forfeitures	\$ 746,086	\$ 775,496	\$ 1,020,491	\$ 974,404
Number of cases	5,225	4,366	5,841	5,417
Conference Center				
Annual rents	137,252	158,524	158,804	123,246
Occupation Tax				
Annual renewals	1,061	1,108	1,331	1,348
New business licenses	232	246	217	191
Public Works				
Miles resurfaced	1.1	0.9	N/A	N/A
Stormwater				
Potential ponds identified	162	181	181	181
Total number of pipes	3,020	3,153	3,102	3,102
Total number of feet of pipes	434,935	444,257	434,491	434,491
Complaints	40	100	70	47

SOURCE:

City of Stockbridge, Georgia records

Note: Revenues from fines decreased significantly in 2016 as Henry County diverted citations to the Henry County State Court. Additionally, there was a change in the State probation tolling laws.

2013	2014	2015	2016	2017	2018
\$ 1,131,672 5,852	\$ 1,210,910 5,967	\$ 1,059,330 5,185	\$ 539,215 1,702	\$ 57,196 281	\$ 27,845 300
186,189	190,813	179,319	168,874	191,568	160,280
1,339 231	1,281 182	1,121 231	1,539 279	1,681 228	1,880 202
N/A	3.5	3.1	2.4	5.0	5.1
181 3,102 434,491 126	188 3,102 434,491 94	188 3,102 434,491 89	188 3,102 434,491 119	188 3,102 434,491 88	186 3,102 432,960 111

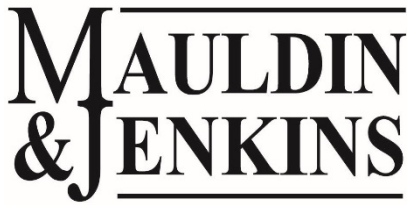
CITY OF STOCKBRIDGE, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012
Public Works				
City limits (square miles)	14.1	14.1	14.1	14.1
Paved roads (miles)	95.62	95.62	95.62	95.62
Sanitation				
Transfer stations	1	1	1	1
Collection trucks	5	5	5	5
Small collection vehicles	25	25	25	25
Recreation and culture				
Parks	4	4	4	4
Community centers	1	1	2	2
Library	1	1	1	1
Cemeteries	3	3	3	3
Water				
Water mains (miles)	44.5	44.4	44.5	44.4
Fire hydrants	457	457	457	457
Service connections	2,391	2,430	2,430	2,430
Daily avg consumption (gallons)	923,000	780,000	780,000	780,000
Storage capacity (gallons)	1,900,000	1,900,000	1,900,000	1,900,000
Sewer				
Sanitary sewers (miles)	39.5	39.5	39.5	39.5
Service connections	2,254	2,272	2,254	2,272
Treatment plants	1	1	1	1
Daily avg treatment (gallons)	.686 MGD	.555 MGD	.686 MGD	.555 MGD
Treatment capacity	1.5 MGD	1.5 MGD	1.5 MGD	1.5 MGD

SOURCE:

City of Stockbridge, Georgia records

2013	2014	2015	2016	2017	2018
14.1	14.1	14.1	14.1	14	14
95.62	95.62	95.62	97.08	97	97
1	1	1	1	1	1
5	5	5	5	1	1
14	13	13	9	5	5
4	4	4	4	4	4
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
44.5	44.5	44.5	44.5	4,446	4,446
457	457	457	457	458.00	459.00
2,391	2,391	2,749	2,764	2,726	2,833
923,000	923,000	752,180	679,564	684,970	627,728
1,900,000	1,900,000	1,800,000	1,800,000	1,800,000	1,800,000
39.5	39.5	39.5	39.5	40.0	40.0
2,254	2,254	N/A	4,858	2,431	2,516
1	1	1	1	1	1
.686 MGD	.686 MGD	.823 MGD	.754 MGD	.761 MGD	.761 MGD
1.5 MGD	1.5 MGD	1.5 MGD	1.5 MGD	1.5 MGD	1.5 MGD



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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Stockbridge, Georgia** (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018 - 001 and 2018 - 002, that we consider to be material weaknesses.

Compliance and Other Matters

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

The City of Stockbridge's Responses to Findings

The City of Stockbridge's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Stockbridge's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional, yet personal, style.

Macon, Georgia
June 26, 2019

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☒ Yes ☐ No

Significant deficiencies identified not considered
to be material weaknesses?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2018 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018 - 001. Management of Receivable Accounts

Criteria: Generally accepted accounting principles for governmental funds require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenses of the current period. As a part of these processes, the City should review all revenue transactions to determine reporting in the proper period.

Condition: The City did not properly adjust receivables in the General Fund and SPLOST IV Fund as of December 31, 2018.

Context: See above condition.

Effect: Adjustments to the various funds of the City were required to properly state receivables and related revenues. These adjustments were as follows:

- General Fund: Adjustments to increase taxes receivable by \$495,090, increase revenues by \$467,804, and to adjust unavailable revenue by \$27,286;
- SPLOST IV Fund: Adjustments to increase due from other governments and related revenues by \$414,470.

CITY OF STOCKBRIDGE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018 - 001. Management of Receivable Accounts (Continued)

Cause: The City did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend that the City establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2018 - 002. Accounting and Reporting of Expenditures, Expenses, and Accounts Payable

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: The City did not properly adjust accounts payable for goods received and services performed in 2018, but not invoiced and/or paid until 2019.

Context: We addressed this matter with City officials, who were able to ultimately determine the propriety of all respective details and reconciliations as of and for the year ended December 31, 2018.

Effect: Adjustments to various funds of the City were required to properly record liabilities and related expenditures/expenses. These adjustments were as follows:

- General Fund: An adjustment to decrease liabilities and related expenditures by \$19,152;
- SPLOST IV Fund: An adjustment to increase liabilities and related expenditures by \$42,900;
- Water and Sewer Fund: An adjustment to increase liabilities and expenses in the amount of \$7,769;
- SPLOST III Fund: An adjustment to increase liabilities and related expenditures by \$46,440;
- City-wide Capital Projects Fund: An adjustment to increase liabilities and related expenditures by \$162,940;
- Stormwater Fund: An adjustment to increase liabilities and expenses in the amount of \$30,064;
- Conference Center Fund: An adjustment to decrease liabilities and expenses in the amount of \$2,007.

Cause: Internal controls over cut-off of accounts payable and accrued liabilities were not in place to ensure all expenses/expenditures were reported in the proper period.

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II **FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

2018 - 002. Accounting and Reporting of Expenditures, Expenses, and Accounts Payable (Continued)

Recommendation: We recommend that the City reconcile all accounts payable and accrued expenses/expenditures in a timely manner to ensure all transactions are being properly recognized during the correct period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen procedures to ensure liabilities are properly recorded.

SECTION III **FEDERAL AWARDS FINDINGS**

Not applicable.

CITY OF STOCKBRIDGE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

None reported.