

CITY OF EATONTON, GEORGIA

REPORT OF AUDIT

AUGUST 31, 2010

CITY OF EATONTON, GEORGIA
Annual Financial Report
For The Year Ended August 31, 2010

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DAVID GIDDENS
CERTIFIED PUBLIC ACCOUNTANT
412 WEST MARION STREET
EATONTON, GEORGIA 31024

TELEPHONE (706)-485-5555

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Eatonton, Georgia

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 Eatonton, Georgia, as of and for the year ended August 31, 2010. These collectively comprise the City's basic financial statements, as listed in the table of contents. The financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's August 31, 2009 financial statements; in our report dated August 23, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

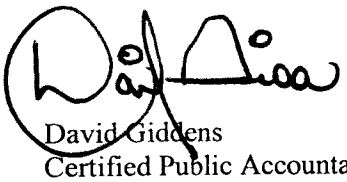
In our opinion the financial statements, referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eatonton, Georgia, as of August 31, 2010. As well, the respective changes in financial position and, where applicable, the cash flows thereof, and the respective budgetary comparisons for the General Fund and the major special revenue fund, are fairly presented in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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. It is not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which immediately follows this report, be presented to supplement the basic financial statements. Although not a part of the basic financial statements, this information is required by the Governmental Accounting Standards Board. The Board considers this information to be essential for placing the basic financial statements in an appropriate operational, economic and/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. These procedures consisted principally of inquiries of management regarding 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. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eatonton's financial statements as a whole. In addition to the required elements of the basic financial statements, the combining and individual, nonmajor fund financial statements are presented for purposes of additional analysis. These statements are the responsibility of management. They were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements. This includes comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves as well as additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, they are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

January 6, 2011

Management's Discussion and Analysis
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Eatonton, Georgia (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the City's financial activities for the fiscal year ended August 31, 2010. These financial activities and their results are discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This information should be read and considered in conjunction with the financial statements.

Economic Conditions Affecting the City

The leadership of the city council and the mayor provides the backdrop for financial transactions. Some of the decisions, accomplishments and challenges of the 2010 fiscal year are noted in this discussion. The wide-spread economic downturn has challenged City legislators and administrators to maintain services despite decreased revenues. Grant funding and expenditures of fund balances have filled the gap created by lower revenues.

- Specifically, a Community Development Block Grant provided partial funding for a recently completed street and drainage project. This project included installation of new sewer mains, as well as new fresh water supply lines for about 40 residents on four different streets. The City has received another, larger grant for similar work which should impact more of the City population.

- Additionally, the City received three grants to support public safety. A SAFER grant funded the hiring of six full time firefighters. The volunteer force is still in place, but the full time force permits a reduced ISO rating. Also, two police grants funded staff and equipment.

- The slow down in housing development continues to have a huge negative impact. Issues of new construction permits have declined notably.

- The City contracted with a consulting group to help develop a multiyear plan to guide budget decisions.

- With the intention of revitalizing old heavy commercial and industrial areas, the City developed and approved a redevelopment area and an opportunity zone. Tax credits accrue to employers that locate in these areas. So far, one large employer has taken advantage of these tax credits.

- Looking to the future, the Council has made the decision to extend its natural gas line to Lake Oconee. An engineering firm has been selected for this purpose.

- Since the 2010 fiscal year end, sales tax revenue has rebounded from reduced collections.

Financial Highlights

The City continues to maintain a strong financial position:

- The City's assets exceeded its liabilities by $12,561,140 (net assets) for the fiscal year reported. Entity-wide net assets decreased by $242,719.

- Total net assets are comprised of the following:
  (1) Capital assets of $5,988,231 are presented net of accumulated depreciation. There is no outstanding debt on these assets. They include property; buildings and improvements; utility systems; furniture, fixtures, machinery and equipment.
  (2) Net assets of $603,071 are restricted by constraints imposed from outside the City. The restrictions are required by grantors, laws, and regulations.
  (3) Unrestricted net assets of $5,969,838 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported a total ending fund balance of $3,406,417 this year, down from $4,373,624 at August 31, 2009.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $965,436 or 20% of total General Fund expenditures.

- Enterprise Funds net assets increased $661,857 to a total of $4,984,878 at year end.

The highlights noted above are examined in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

The City's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. In addition to the basic financial statements, this report includes financial statements on each individual fund, along with combining statements of nonmajor funds.

Government-wide Financial Statements

This annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This reports the government-wide financial position, including all of the City's assets and liabilities, with the difference reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether financial position, as a whole, is improving or deteriorating.

In addition to the information contained in this report, evaluation of the City's overall financial health extends to other factors such as stability of the tax base and condition of infrastructure.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included, regardless of when cash is received or paid. The statement of activities is designed to show the financing sources for the City's distinct activities and functions.

Both government-wide financial statements distinguish between governmental activities, which are principally supported by sales and other taxes, and business-type activities, which are intended to recover all or a significant

portion of their costs through user fees and charges. Governmental activities include general government, municipal court, public safety, public works, health and welfare, culture and recreation, and housing and development. Business-type activities include providing natural gas services and providing financing to promote local employment.

The government-wide financial statements are presented on pages 2 and 3 of this report.

Fund Financial Statements

A fund is a separate accounting entity used to segregate specific activities or objectives and their related financial transactions. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, the fund financial statements focus on the City's most significant funds rather than on the government as a whole. Major funds are separately reported while all others are aggregated into a single presentation. Individual fund financial statements for all funds, including nonmajor funds, is provided in latter sections of this report.

The City has two kinds of funds:

Governmental funds, as reported in the fund financial statements, encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus of fund financial statements is very different from that of the government-wide statements. Fund statements report short-term fiscal accountability focusing on the balances and uses of spendable resources. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide a more complete picture of financial activity and financial position. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Governmental funds include the General Fund, all special revenue funds and all capital projects funds. A budget comparison statement for the General Fund and the Capital Reserve Fund is presented as a basic financial statement. The basic governmental fund financial statements are presented on pages 5 – 9 of this report.

Proprietary funds are used to account for activities which are financed, in whole or in part, with user fees charged to external customers for services provided. These funds encompass the same functions reported as business-type activities in the government-wide statements. At both the government-wide and fund reporting levels, proprietary funds present changes in total net assets. Proprietary funds include the Natural Gas Fund and the Revolving Loan Fund. The basic proprietary fund financial statements are presented on pages 10 – 12 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents individual and nonmajor, combining fund financial statements. These may be found beginning on page 32. Budgetary comparison schedules for the General Fund and each, individual special revenue fund are found in this section of the report. These schedules demonstrate compliance with the City's budget.

Financial Analysis of the City as a Whole

The table on page MD&A 6, ***Summary of Net Assets,*** presents summarized components of net assets at the current and previous years' end. From year to year, changes in net assets may be compared and used to analyze the changing financial position of the City as a whole.

In comparing the current and previous years, the bottom line shows a decrease in net assets of governmental activities (10.8%), and an increase in net assets of business-type activities (14.9%). Governmental Activities include the activities of eight governmental funds. Some of these funds experienced increases in fund balance / net assets; others did not. In the following pages each fund will be analyzed individually. Two funds are summarized as business activities, however, the Natural Gas Fund accounts for 99.8% of the change in net assets. More analysis of these two funds follows in subsequent sections of this discussion.

Overall, the City has a high current ratio. The current ratio compares current assets to current liabilities. It is an indication of ability to pay current obligations. The City is well able to do so, as the current ratio for governmental activities is 10.7 to 1 (decreased from 16.3 to 1 last year). The business-type activities ratio is 26.8 to 1 (increased from 17.2 previously). For the City overall, the current ratio is 15.3 to 1. The overall ratio is the same as it was two years ago; it decreased from 16.7 to 1 at August 31, 2009. Moreover, the ratio of total current assets to total liabilities is 13.2 to 1. The prior year's ratio was 14.4 to 1.

The City carries no outstanding debt related to capital assets or general obligations. The only long term debt represents estimates of unused annual leave benefits.

The table further shows that 47.5% of total net assets are composed of capital assets (land and improvements, buildings, furniture, fixtures, machinery, equipment, roads, bridges, sidewalks and natural gas delivery system). General infrastructure assets include roads and bridges acquired after September 1, 2003. The amount presented in the table represents cost less accumulated depreciation, or book value. More detailed discussion of capital assets is included further in this analysis.

A second table, ***Summary of Revenues, Expenses and Changes in Net Assets*** is presented on page MD&A 7. As noted in the introductory comments, the net assets decreased for governmental activities and increased for business-type activities.

Entity wide, taxes are the City's greatest source of revenues (45%). Total taxes were down $459,770, or 13.5% from the prior year. This decrease effected the decreases in net assets and current ratios, noted previously. Charges for services were the second greatest contributor to overall revenues. Thirdly, revenues were bolstered by operating grants to both governmental and business activities.

As in previous years, expenditures were greatest for the functions of public safety, natural gas delivery and public works. Public Safety generated the largest portion of expenditures, 31.5% in the 2010 fiscal year. This was followed by expenses for providing natural gas service, 26.9%. Public Works expenditures comprised 22% of total expenditures.

Prior period adjustments were made to the beginning net asset balances of both governmental and business-type activities. For more information about these adjustments, please see Note 3-H-3.

Summary of Net Assets

	August 31, 2010				August 31, 2009			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Assets:								
Current assets	3,331,018.68	3,371,405.84	6,702,424.52	51.3%	4,246,711.56	2,580,507.12	6,827,218.68	51.4%
Restricted assets	374,381.01	3,139.05	377,520.06	2.9%	373,564.53	2,741.47	376,306.00	2.8%
Capital assets, net of accumulated depreciation	4,237,272.19	1,750,958.51	5,988,230.70	45.8%	4,172,413.28	1,903,139.27	6,075,552.55	45.8%
Total assets	7,942,671.88	5,125,503.40	13,068,175.28	100.0%	8,792,689.37	4,486,387.86	13,279,077.23	100.0%
Liabilities:								
Current liabilities	312,468.26	125,788.80	438,257.06	86.4%	259,691.71	149,574.31	409,266.02	86.1%
Long-term liabilities	53,941.92	14,836.46	68,778.38	13.6%	52,159.77	13,792.85	65,952.62	13.9%
Total liabilities	366,410.18	140,625.26	507,035.44	100.0%	311,851.48	163,367.16	475,218.64	100.0%
Net assets:								
Invested in capital assets	4,237,272.19	1,750,958.51	5,988,230.70	47.7%	4,172,413.28	1,903,139.27	6,075,552.55	47.4%
Restricted	486,332.00	116,738.85	603,070.85	4.8%	480,752.81	115,508.32	596,261.13	4.7%
Unrestricted	2,852,657.51	3,117,180.78	5,969,838.29	47.5%	3,827,671.80	2,304,373.11	6,132,044.91	47.9%
Total net assets	7,576,261.70	4,984,878.14	12,561,139.84	100.0%	8,480,837.89	4,323,020.70	12,803,858.59	100.0%

Summary of Revenues, Expenses and Changes in Net Assets

	For the year ended August 31, 2010				For the year ended August 31, 2009			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Revenues								
Program:								
Charges for services	534,525.80	2,340,105.36	2,874,631.16	44.08%	591,421.96	2,085,444.91	2,676,866.87	41.01%
Operating grants	308,457.55	112,187.11	420,644.66	6.45%	53,625.64	0.00	53,625.64	0.82%
Capital grants	218,167.00	0.00	218,167.00	3.35%	320,024.46	0.00	320,024.46	4.90%
General:								
Taxes	2,935,369.67	0.00	2,935,369.67	45.02%	3,395,139.37	0.00	3,395,139.37	52.01%
Other	49,550.18	22,047.87	71,598.05	1.10%	56,806.33	25,479.59	82,285.92	1.26%
Total Revenues	4,046,070.20	2,474,340.34	6,520,410.54	100.00%	4,417,017.76	2,110,924.50	6,527,942.26	100.00%
Program Expenses								
General government	877,805.99	0.00	877,805.99	12.92%	764,473.98	0.00	764,473.98	12.41%
Judicial	16,337.96	0.00	16,337.96	0.24%	13,825.08	0.00	13,825.08	0.22%
Public safety	2,140,536.71	0.00	2,140,536.71	31.52%	1,636,874.28	0.00	1,636,874.28	26.56%
Public works	1,499,842.37	0.00	1,499,842.37	22.08%	1,460,769.33	0.00	1,460,769.33	23.70%
Health and welfare	3,616.83	0.00	3,616.83	0.05%	4,141.97	0.00	4,141.97	0.07%
Culture and recreation	204,103.86	0.00	204,103.86	3.01%	147,897.65	0.00	147,897.65	2.40%
Housing and development	218,605.71	0.00	218,605.71	3.22%	292,183.90	0.00	292,183.90	4.74%
Natural gas service	0.00	1,829,637.71	1,829,637.71	26.94%	0.00	1,841,076.00	1,841,076.00	29.88%
Employment incentive financing	0.00	1,269.19	1,269.19	0.02%	0.00	1,250.00	1,250.00	0.02%
Total Expenses	4,960,849.43	1,830,906.90	6,791,756.33	100.00%	4,320,166.19	1,842,326.00	6,162,492.19	100.00%
Change in Net Assets	(914,779.23)	643,433.44	(271,345.79)		96,851.57	268,598.50	365,450.07	
Net Assets at Beginning of Year	8,480,837.89	4,323,020.70	12,803,858.59		8,387,486.32	4,054,422.20	12,441,908.52	
Prior Period Adjustment	10,203.04	18,424.00	28,627.04		(3,500.00)	0.00	(3,500.00)	
Net Assets at End of Year	7,576,261.70	4,984,878.14	12,561,139.84		8,480,837.89	4,323,020.70	12,803,858.59	

Financial Analysis of Individual City Funds

The greatest influence which can be exercised by elected officials and their administrators (management) is on the operations of the General Fund and the Natural Gas (enterprise) Fund. In contrast, special revenue funds and capital project funds, by definition, must adhere to specific mandates regarding their sources of revenue and purposes of expenditures. Thus, to a large extent, management of these funds is guided by these mandates.

In addition to analysis, tables summarizing activity and changes in fund balance are presented for each of the City's major funds, on the following pages.

Governmental Funds

As previously noted, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $3,406,417./ Of this total, $975,561 is unreserved, thus available for continuing City service requirements. Reserved fund balances include $34,880, which will be expended according to grant agreements; $1,044,845, committed to the program purposes of special revenue funds; $789,215 committed to capital projects; and $561,916 reserved for contingencies.

The General Fund

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. Financial statements of the General Fund may be found beginning on page 35.

Summary of General Fund Activity and Changes in Fund Balance - Budget and Actual

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	4,166,600.00	4,359,645.00	3,695,707.80	(663,937.20)	4,012,862.14
Total Expenditures	4,176,600.00	4,758,207.00	4,682,476.51	(75,730.49)	3,920,399.85
Excess (Deficiency) of Revenues	(10,000.00)	(398,562.00)	(986,768.71)	(588,206.71)	92,462.29
Operating Transfers In	10,000.00	10,000.00	10,000.00	0.00	10,000.00
Allocation of Fund Balance	0.00	390,562.00	0.00	(390,562.00)	0.00
Net Change in Fund Balance	0.00	2,000.00	(976,768.71)	(978,768.71)	102,462.29
Fund Balance at Beginning of Year			2,868,298.76		2,765,836.47
Prior Period Adjustment			10,203.04		0.00
Fund Balance at End of Year			1,901,733.09		2,868,298.76

Fiscal year 2010 brought the challenge of decreased revenues (down 7.9%) and increased expenditures (up 19.4%). Revenues decreased for the second year. Because local option sales tax is the General Fund's greatest source of revenue, its decrease of $435,259.96 (17.8%) is substantial. In addition to sales and other taxes, almost all categories of General Fund revenues declined.

Grant revenues were the exception. One federal grant allowed the City, for the first time, to pay for a round-the-clock fire fighting staff. Another federal grant funded the salary of an additional police officer. These salaries

contributed to increased expenses. The greatest portion of General Fund expenditures supports public safety (45%) and public works (32%).

The result of activities was a decrease to fund balance of $976,769 or 34%, leaving an ending fund balance of $1,901,733. Almost half of this amount is reserved. The City Council has adopted financial policies which establish a reserve for contingencies/emergencies; the policy on stabilization funds calls for 10% of budgeted operating expenditures plus 10% of budgeted general government expenditures to be held in reserve. In addition, the General Fund holds certificates of deposits which are restricted for capital outlay.

During the course of the year, the budget was amended to reflect increased expenditures. As may be expected, variations occurred between budget amounts and actual results. Expenditures did not exceed the final budget for any General Fund functions.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City utilizes four special revenue funds; of these, only the Capital Reserve Fund is a major fund. Summary information on each fund follows.

The Capital Reserve Fund – A major fund, the Capital Reserve Fund, as the name implies, serves to preserve capital and to expend investment earnings, according to ordinance. The corpus of this fund was established by preserving the initial 12 months' proceeds of local option sales tax collections. These proceeds are invested in bank certificates of deposit. Interest earnings are expended for cemetery care; to support local, non-profit, civic organizations; and to support other operations of City government.

The Capital Reserve Fund, fund balance is reserved for program purposes. Specifically, a City Council resolution reserves a portion of these funds for emergencies, as defined in the resolution. Further, expenditure of the final $500,000.00 requires a local referendum.

As the Capital Reserve Fund's certificates of deposit matured during the course of the year, they renewed at lower interest rates. Consequently, as compared to the prior year, revenues decreased by 7.6%. However, as budgeting was conservative, actual revenues exceeded budgeted revenues. 0.5% of fund balance was used to support expenditures for programs. As may be seen in the following table, expenditures were held within budgeted appropriations.

Summary of Capital Reserve Fund Activity and Changes in Fund Balance - Budget and Actual

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	20,000.00	20,000.00	28,997.53	8,997.53	31,376.40
Total Expenditures	27,000.00	27,000.00	24,377.85	(2,622.15)	25,805.79
Excess (Deficiency) of Revenues	(7,000.00)	(7,000.00)	4,619.68	11,619.68	5,570.61
Operating Transfers Out	(10,000.00)	(10,000.00)	(10,000.00)	0.00	(10,000.00)
Allocation of Fund Balance	17,000.00	17,000.00	0.00	(17,000.00)	0.00
Net Change in Fund Balance	0.00	0.00	(5,380.32)	(5,380.32)	(4,429.39)
Fund Balance At Beginning of Year			1,013,607.49		1,018,036.88
Fund Balance At End of Year			1,008,227.17		1,013,607.49

Capital Reserve Fund Financial Statements may be found beginning on page 44.

Nonmajor Special Revenue Funds – These funds served citizenry in very focused ways. A description of each fund follows this paragraph. Collectively, their financial proportion is small as compared to the government as a whole. The combined fund balances of the City's three nonmajor special revenue funds, $81,622.26, comprise just 2.4% of total governmental fund balances of $3,406,417. The combined annual activity of these funds resulted in a combined fund balance increase of $26,931.

Combining and individual fund financial statements begin on page 46.

- The **Hotel / Motel Tax Fund** serves to account for taxes collected on overnight lodging rentals. These taxes are collected and expended in accordance with Georgia law. Consequently, a minimum of forty per cent of tax proceeds must be committed to promoting tourism. Over and above the minimum, 96% of expenditures were directed toward promoting tourism during fiscal year 2010. Financial statements of the Hotel / Motel Tax Fund begin on page 48.

- The **Police Condemnation Fund** serves to account for net proceeds of confiscated items which were seized in drug related crimes. Expenditures are legally restricted to purchases of law enforcement materials and equipment. The Police Condemnation Fund financial statements begin on page 50.

- The **Youth Services Grant Fund** serves to account for grant proceeds which are designated, to support youth and families. A state of Georgia Family Connection grant of $44,000 provided the majority of funding for these services. The Youth Services Grant Fund financial statements begin on page 52.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources which are dedicated to the acquisition or construction of capital facilities (other than those financed by proprietary funds). These funds are created and presented in the financial statements for the life of their project(s). Capital Projects Funds utilize project based (rather than annual) budgets. Their fund balances are reserved in accordance with the sales tax referendum or grant agreements. During this fiscal year, the City used three capital projects funds to account for intergovernmental revenues generated by sales tax proceeds and capital grant proceeds. All three are nonmajor funds.

Special Purpose Local Option Sales Tax Fund – The SPLOST Fund, is used to account for special purpose local option sales taxes which are collected as a result of a county resolution. Proceeds are shared with the City for municipal projects, as specified in an intergovernmental agreement. Consequently, expenditures are made in accordance with this agreement, and the fund balance is reserved for specified projects. Collections of this tax began in October 2005. The amount of collections designated for City projects, in the referendum, were fully collected in February 2009.

Financial statements for the SPLOST Fund may be found beginning on page 55. In addition, a schedule of projects constructed with special sales tax proceeds may be found on page 81. Still more information may be found in the notes to the financial statements, note 3-I.

Federal grants provided the funding for the following two capital projects funds. In each of these funds grant proceeds are drawn down to pay for work as each project progresses. Draw downs are paid out almost immediately. Thus, revenues and expenditures are roughly equal, and fund balances are minimal. Total revenues of these two funds, $218,167, comprised 5.4% of total governmental fund revenues. Because each project is completed, fund balances were $0 at year end. These funds will not be presented in future reports.

Community Housing Incentive Program Fund, #1 – is used to account for grant proceeds designated for home repairs for low and very low income home owners. Financial statements for the CHIP Fund, #1 may be found beginning on page 59.

Community Development Block Grant Fund, #5 – is used to account for grant proceeds designated for a street drainage project. Financial statements for the CDBG #5 Fund may be found beginning on page 63.

Proprietary Funds

Proprietary funds are used to account for activities which are financed, in whole or in part, with user fees charged to external customers for services provided. Two City operations utilize proprietary fund accounting. Of these, the Natural Gas Fund is a major fund.

Natural Gas Fund – is used to account for the provision of natural gas services. Financial statements may be found beginning on page 68. A summary of Natural Gas Fund activity and changes in fund balance is presented as follows.

Natural Gas Fund
Summary of Activity and Changes in Net Assets

	2010	2009
Operating Revenues	2,340,822.81	2,087,943.69
Operating Expenses	1,829,637.71	1,841,076.00
Operating Income (Loss)	511,185.10	246,867.69
Non-operating Revenues (Expenses)	131,017.81	21,271.97
Change in Net Assets	642,202.91	268,139.66
Net Assets at Beginning of Year	4,207,512.38	3,939,372.72
Prior Period Adjustment	18,424.00	0.00
Net Assets at End of Year	4,868,139.29	4,207,512.38

The overall result of annual activities was an increase in net assets of $642,203, a change of 15%. Operations generated the 80% of this increase. Natural gas sales provide the bulk of operating revenues. Because gas usage is largely determined by residential and commercial heating needs, sales fluctuate with the weather. The 2009 – 2010 winter was a cold one. As a result, operating revenues increased by 12% over the previous year. This, coupled with a slight decrease in operating expenses (0.6%), produced operating income of $511,185.

In most years interest earned on cash deposits is the only source of non-operating income. This year, however, a Georgia Department of Transportation grant, in the amount of $112,187 augmented non-operating revenues. The grant was provided to assist with the cost of moving natural gas lines to accommodate changes in state transportation routes.

Lastly, a prior period adjustment increased net assets by $18,424. The City's compliance with the newly effective Governmental Accounting Standards Board Statement Number 51, *Accounting and Financial Reporting for Intangible Assets* necessitated the adjustment. In order to comply with the statement, the City recognized the right of ways, provided for gas lines which border state highways, as intangible assets. The estimated value of this land, at the time that the gas lines were installed, is incorporated in the financial statements through this adjustment.

As in the General Fund, the stabilization funds policy reserves 10% of total budgeted operating expenses. Thus, $202,501 of net assets is reserved at the fund reporting level.

Revolving Loan Fund – is used to account for monies provided through a Community Development Block Grant Employment Incentive Program to finance low interest loans to local businesses and industries. The program is structured to increase the amount available for loans with the interest earned on loans. Individual fund financial statements may be found beginning on page 71. In addition, details on loan activity may be found in the notes to the financial statements, note 4-G.

Previously in default, the fund's only outstanding loan was re-established as two individual loans with each of the former partners. One of the two loans is current; the other is in default. Because the amounts of eventual collections or possible losses cannot be estimated, no provision for such is recorded in the financial statements.

Capital Assets

The following schedule summarizes capital assets used in both governmental and business activities at the current and previous year ends.

Capital Assets	Governmental Activities		Business Activities		Total	
	8/31/2010	8/31/2009	8/31/2010	8/31/2009	8/31/2010	8/31/2009
Total non-depreciable assets	390,126.54	505,175.91	44,924.00	26,500.00	435,050.54	531,675.91
Total depreciable assets	6,001,235.91	5,536,439.32	4,063,628.32	4,063,628.32	10,064,864.23	9,600,067.64
Less accumulated depreciation	2,154,090.26	1,869,201.95	2,357,593.81	2,186,989.05	4,511,684.07	4,056,191.00
Book value - depreciable assets	3,847,145.65	3,667,237.37	1,706,034.51	1,876,639.27	5,553,180.16	5,543,876.64
Percentage depreciated	35.9%	33.8%	58.0%	53.8%	44.8%	42.3%
Book value assets	4,237,272.19	4,172,413.28	1,750,958.51	1,903,139.27	5,988,230.70	6,075,552.55

Comparison of the two years shows an increase in **governmental capital assets**. Book value of these assets increased by 1.5%. These increases are principally the result of capital outlay in the General Fund and the Community Development Block Grant #5 Fund. The General Fund purchased five vehicles and three pieces of equipment for public works. Costs of a road renewal project for drainage and paving were paid, principally, by the CDBG #5 Fund. The General Fund and the SPLOST Fund also supported the drainage and paving project. With the completion of this project, related costs that were previously classified as construction in process have now been capitalized as a depreciable asset.

Business capital assets are entirely those assets of the Natural Gas Fund. With the exception of the recognition of non-depreciable assets, as discussed in previous analysis of the Gas Fund, there were no acquisitions or dispositions of proprietary fund capital assets.

More information on changes in capital assets is presented in the notes to the financial statements (Note 3-C).

Long-term Debt

At year end, the only long-term liability carried by the City is for compensated absences payable. More information about changes in the estimate of compensated absences payable may be found in the notes to the financial statements (Note 3-E).

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City of Eatonton's finances; comply with finance-related laws and regulations; and demonstrate the City's commitment to public accountability. If you have questions about any of the information provided in this report or would like to request additional information, contact the City Administrator, City of Eatonton, P.O. Box 3820, Eatonton, Georgia 31024.

Government-wide Financial Statements

CITY OF EATONTON, GEORGIA

STATEMENT OF NET ASSETS

AUGUST 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash	1,620,198.59	2,538,633.40	4,158,831.99
Time Certificates of Deposit	1,178,000.00	381,266.94	1,559,266.94
Receivables:			
Accounts, Net of Allowance for Doubtful Accounts	19,189.40	46,359.64	65,549.04
Taxes	871.63	0.00	871.63
Note	0.00	45,797.13	45,797.13
Intergovernmental	512,759.06	0.00	512,759.06
Time Certificates of Deposit, Customer Deposits	0.00	359,348.73	359,348.73
Restricted Assets	374,381.01	3,139.05	377,520.06
Capital Assets:			
Nondepreciable Capital Assets	390,126.54	44,924.00	435,050.54
Depreciable Capital Assets, Net Accumulated Depreciation	3,847,145.65	1,706,034.51	5,553,180.16
Total Assets	7,942,671.88	5,125,503.40	13,068,175.28
Liabilities			
Current Liabilities:			
Accounts Payable	170,802.20	22,920.80	193,723.00
Accrued Wages	99,119.34	0.00	99,119.34
Deposits	29,061.24	99,158.88	128,220.12
Current Portion of Compensated Absences Payable	13,485.48	3,709.12	17,194.60
Long-Term Liabilities, Net of Current Portion:			
Compensated Absences Payable	53,941.92	14,836.46	68,778.38
Total Liabilities	366,410.18	140,625.26	507,035.44
Net Assets			
Invested in Capital Assets	4,237,272.19	1,750,958.51	5,988,230.70
Restricted for Program Purposes	486,332.00	116,738.85	603,070.85
Unrestricted	2,852,657.51	3,117,180.78	5,969,838.29
Total Net Assets	7,576,261.70	4,984,878.14	12,561,139.84

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

Function / Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	877,805.99	3,356.10	0.00	0.00	(874,449.89)	0.00	(874,449.89)
Judicial	16,337.96	0.00	0.00	0.00	(16,337.96)	0.00	(16,337.96)
Public Safety	2,140,536.71	228,647.30	160,720.02	0.00	(1,751,169.39)	0.00	(1,751,169.39)
Public Works	1,499,842.37	219,191.27	98,044.97	185,309.00	(997,297.13)	0.00	(997,297.13)
Health and Welfare	3,616.83	0.00	0.00	0.00	(3,616.83)	0.00	(3,616.83)
Culture and Recreation	204,103.86	9,701.00	0.00	0.00	(194,402.86)	0.00	(194,402.86)
Housing and Development	218,605.71	73,630.13	49,692.56	32,858.00	(62,425.02)	0.00	(62,425.02)
Total Governmental Activities	4,960,849.43	534,525.80	308,457.55	218,167.00	(3,899,699.08)	0.00	(3,899,699.08)
Business-Type Activities:							
Natural Gas Service	1,829,637.71	2,338,387.81	112,187.11	0.00	0.00	620,937.21	620,937.21
Employment Incentive Financing	1,269.19	1,717.55	0.00	0.00	0.00	448.36	448.36
Total Business-Type Activities	1,830,906.90	2,340,105.36	112,187.11	0.00	0.00	621,385.57	621,385.57
Total Activities	6,791,756.33	2,874,631.16	420,644.66	218,167.00	(3,899,699.08)	621,385.57	(3,278,313.51)
			General Revenues				
			Sales Taxes		2,008,631.07	0.00	2,008,631.07
			Other Taxes		926,738.60	0.00	926,738.60
			Interest Earnings		49,550.18	19,612.87	69,163.05
			Miscellaneous		0.00	2,435.00	2,435.00
			Total General Revenues		2,984,919.85	22,047.87	3,006,967.72
			Change in Net Assets		(914,779.23)	643,433.44	(271,345.79)
			Net Assets at Beginning of Year		8,480,837.89	4,323,020.70	12,803,858.59
			Prior Penod Adjustment		10,203.04	18,424.00	28,627.04
			Net Assets at End of Year		7,576,261.70	4,984,878.14	12,561,139.84

The accompanying Notes are an integral part of this statement.

Fund Financial Statements

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

BALANCE SHEET

AUGUST 31, 2010

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Cash	1,124,868.88	22,477.17	472,852.54	1,620,198.59
Time Certificates of Deposit	190,500.00	987,500.00	0.00	1,178,000.00
Accounts Receivable, Net of Allowance for Doubtful Accounts	19,189.40	0.00	0.00	19,189.40
Taxes Receivable	0.00	0.00	871.63	871.63
Interfund Receivables	25,469.45	0.00	0.00	25,469.45
Intergovernmental Receivables	460,057.13	0.00	52,701.93	512,759.06
Restricted Assets:				
Time Certificates of Deposit	374,381.01	0.00	0.00	374,381.01
Total Assets	2,194,465.87	1,009,977.17	526,426.10	3,730,869.14
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	164,552.20	1,750.00	4,500.00	170,802.20
Accrued Wages	99,119.34	0.00	0.00	99,119.34
Deposit	29,061.24	0.00	0.00	29,061.24
Interfund Payables	0.00	0.00	25,469.45	25,469.45
Total Liabilities	292,732.78	1,750.00	29,969.45	324,452.23
Fund Balance:				
Reserved for Unexpended Grant Proceeds	0.00	0.00	34,879.83	34,879.83
Reserved for Program Purposes	0.00	1,008,227.17	36,617.78	1,044,844.95
Reserved for Capital Outlay	374,381.01	0.00	414,834.39	789,215.40
Reserved for Contingencies	561,916.00	0.00	0.00	561,916.00
Unreserved, General Fund	965,436.08	0.00	0.00	965,436.08
Unreserved, Special Revenue Fund	0.00	0.00	10,124.65	10,124.65
Total Fund Balance	1,901,733.09	1,008,227.17	496,456.65	3,406,416.91
Total Liabilities and Fund Balance	2,194,465.87	1,009,977.17	526,426.10	3,730,869.14

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET ASSETS

AUGUST 31, 2010

Total Governmental Fund Balances		3,406,416.91
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	6,391,362.45	
Less accumulated depreciation	(2,154,090.26)	4,237,272.19
Compensated absences are not due and payable in the current period and therefore are not reported in the funds:		(67,427.40)
Net Assets Of Governmental Activities		7,576,261.70

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2010

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	2,923,710.28	0.00	11,659.39	2,935,369.67
Licenses and Permits	73,630.13	0.00	0.00	73,630.13
Intergovernmental	258,764.99	0.00	266,658.00	525,422.99
Charges for Services	222,036.81	0.00	0.00	222,036.81
Fines and Forfeitures	178,944.57	0.00	41,148.19	220,092.76
Other	38,621.02	28,997.53	1,899.29	69,517.84
Total Revenues	3,695,707.80	28,997.53	321,364.87	4,046,070.20
Expenditures				
Current:				
General Government	834,584.51	8,514.00	0.00	843,098.51
Judicial	16,337.96	0.00	0.00	16,337.96
Public Safety	2,124,589.02	0.00	14,906.59	2,139,495.61
Public Works	1,497,478.70	0.00	185,317.00	1,682,795.70
Health and Welfare	3,616.83	0.00	0.00	3,616.83
Culture and Recreation	125,542.63	15,863.85	0.00	141,406.48
Housing and Development	80,326.86	0.00	93,792.22	174,119.08
Capital Outlay	0.00	0.00	22,610.48	22,610.48
Total Expenditures	4,682,476.51	24,377.85	316,626.29	5,023,480.65
Excess (Deficiency) of Revenues over Expenditures	(986,768.71)	4,619.68	4,738.58	(977,410.45)
Other Financing Sources (Uses)				
Transfers In	10,000.00	0.00	0.00	10,000.00
Transfers Out	0.00	(10,000.00)	0.00	(10,000.00)
Net Other Financing Sources	10,000.00	(10,000.00)	0.00	0.00
Net Change in Fund Balance	(976,768.71)	(5,380.32)	4,738.58	(977,410.45)
Fund Balance at Beginning of Year	2,868,298.76	1,013,607.49	491,718.07	4,373,624.32
Prior Period Adjustment	10,203.04	0.00	0.00	10,203.04
Fund Balance at End of Year	1,901,733.09	1,008,227.17	496,456.65	3,406,416.91

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

Net Changes In Fund Balances - Total Governmental Funds			(977,410.45)
Amounts reported for governmental activities in the statement of activities are different because:			
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.			
	Depreciation expense	(292,581.64)	
	Loss on disposal of capital asset	(541.67)	
	Cost of Capital Assets Acquired	357,982.22	64,858.91
Elimination of transfers between governmental funds:			
	Transfers in	(10,000.00)	
	Transfers out	10,000.00	0.00
Compensated absences reported in the statement of activities, do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.			
	Liability at 8/31/09	65,199.71	
	Liability at 8/31/10	(67,427.40)	(2,227.69)
Change In Net Assets of Governmental Activities			(914,779.23)

The accompanying notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

MAJOR GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -

FOR THE YEAR ENDED AUGUST 31, 2010

	General Fund				Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues								
Taxes	3,472,000.00	3,472,000.00	2,923,710.28	(548,289.72)	0.00	0.00	0.00	0.00
Licenses and Permits	85,000.00	85,000.00	73,630.13	(11,369.87)	0.00	0.00	0.00	0.00
Intergovernmental Revenues	0.00	193,045.00	258,764.99	65,719.99	0.00	0.00	0.00	0.00
Charges for Services	273,100.00	273,100.00	222,036.81	(51,063.19)	0.00	0.00	0.00	0.00
Fines and Forfeitures	260,000.00	260,000.00	178,944.57	(81,055.43)	0.00	0.00	0.00	0.00
Other	76,500.00	76,500.00	38,621.02	(37,878.98)	20,000.00	20,000.00	28,997.53	8,997.53
Total Revenues	4,166,600.00	4,359,645.00	3,695,707.80	(663,937.20)	20,000.00	20,000.00	28,997.53	8,997.53
Expenditures								
General Government	955,957.00	858,957.00	834,584.51	(24,372.49)	7,600.00	8,364.00	8,514.00	150.00
Judicial	16,150.00	18,150.00	16,337.96	(1,812.04)	0.00	0.00	0.00	0.00
Public Safety	1,571,612.00	2,145,969.00	2,124,589.02	(21,379.98)	0.00	0.00	0.00	0.00
Public Works	1,442,717.00	1,503,717.00	1,497,478.70	(6,238.30)	0.00	0.00	0.00	0.00
Health and Welfare	4,046.00	4,046.00	3,616.83	(429.17)	0.00	0.00	0.00	0.00
Culture and Recreation	92,232.00	132,482.00	125,542.63	(6,939.37)	19,400.00	18,636.00	15,863.85	(2,772.15)
Housing and Development	93,886.00	94,886.00	80,326.86	(14,559.14)	0.00	0.00	0.00	0.00
Total Expenditures	4,176,600.00	4,758,207.00	4,682,476.51	(75,730.49)	27,000.00	27,000.00	24,377.85	(2,622.15)
Excess (Deficiency) of Revenues over Expenditures	(10,000.00)	(398,562.00)	(986,768.71)	(588,206.71)	(7,000.00)	(7,000.00)	4,619.68	11,619.68
Other Financing Sources (Uses)								
Transfers In	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	0.00	0.00
Transfers Out	0.00	0.00	0.00	0.00	(10,000.00)	(10,000.00)	(10,000.00)	0.00
Allocation of Prior Year's Fund Balance	0.00	390,562.00	0.00	(390,562.00)	17,000.00	17,000.00	0.00	(17,000.00)
Net Other Financing Sources	10,000.00	400,562.00	10,000.00	(390,562.00)	7,000.00	7,000.00	(10,000.00)	(17,000.00)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	0.00	2,000.00	(976,768.71)	(978,768.71)	0.00	0.00	(5,380.32)	(5,380.32)
Fund Balance at Beginning of Year			2,868,298.76				1,013,607.49	
Prior Period Adjustment			10,203.04				0.00	
Fund Balance at End of Year			1,901,733.09				1,008,227.17	

The accompanying notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

AUGUST 31,2010

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Assets			
Current Assets			
Cash	2,466,441.68	72,191.72	2,538,633.40
Time Certificates of Deposit	381,266.94	0.00	381,266.94
Accounts Receivable, Net of Allowance for Doubtful Accounts	46,359.64	0.00	46,359.64
Sales Tax Deposit	3,139.05	0.00	3,139.05
Note Receivable	0.00	45,797.13	45,797.13
Time Certificates of Deposit, Customer Deposits	359,348.73	0.00	359,348.73
Total Current Assets	3,256,556.04	117,988.85	3,374,544.89
Noncurrent Assets			
Capital Assets:			
Nondepreciable	44,924.00	0.00	44,924.00
Depreciable, Net Accumulated Depreciation	1,706,034.51	0.00	1,706,034.51
Total Noncurrent Assets	1,750,958.51	0.00	1,750,958.51
Total Assets	5,007,514.55	117,988.85	5,125,503.40
Liabilities			
Current Liabilities			
Accounts Payable	21,670.80	1,250.00	22,920.80
Customer Deposits	99,158.88	0.00	99,158.88
Current Portion of Compensated Absences Payable	3,709.12	0.00	3,709.12
Total Current Liabilities	124,538.80	1,250.00	125,788.80
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	14,836.46	0.00	14,836.46
Total Long-Term Liabilities	14,836.46	0.00	14,836.46
Total Liabilities	139,375.26	1,250.00	140,625.26
Net Assets			
Invested in Capital Assets	1,750,958.51	0.00	1,750,958.51
* Reserved for Contingencies	202,500.90	0.00	202,500.90
* Reserved for Program Purposes	0.00	116,738.85	116,738.85
Unrestricted Net Assets	2,914,679.88	0.00	2,914,679.88
Total Net Assets	4,868,139.29	116,738.85	4,984,878.14

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2010

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Operating Revenues			
Charges for Sales and Services	2,338,387.81	1,717.55	2,340,105.36
Miscellaneous	2,435.00	0.00	2,435.00
Total Operating Revenues	2,340,822.81	1,717.55	2,342,540.36
Operating Expenses			
Cost of Natural Gas	1,215,743.91	0.00	1,215,743.91
Personnel Services and Employee Benefits	275,361.94	0.00	275,361.94
Travel, Education and Training	915.00	0.00	915.00
Professional Services	22,160.00	1,250.00	23,410.00
Technical Services	3,912.98	0.00	3,912.98
Maintenance and Repairs - Vehicles and Equipment	9,506.99	0.00	9,506.99
Maintenance and Repairs - System	17,105.15	0.00	17,105.15
Depreciation Expense	170,604.76	0.00	170,604.76
Insurance	8,944.00	0.00	8,944.00
Communications	8,615.82	0.00	8,615.82
Supplies, Hardware and Small Equipment	40,273.35	19.19	40,292.54
Gasoline	14,702.34	0.00	14,702.34
Utilities	11,552.16	0.00	11,552.16
Cost of Gray, Georgia Franchise	18,507.30	0.00	18,507.30
Property Taxes, Jones County	11,732.01	0.00	11,732.01
Total Operating Expenses	1,829,637.71	1,269.19	1,830,906.90
Operating Income (Loss)	511,185.10	448.36	511,633.46
Non-Operating Revenues (Expenses)			
Intergovernmental	112,187.11	0.00	112,187.11
Interest Income	18,830.70	782.17	19,612.87
Total Non-Operating Revenues (Expenses)	131,017.81	782.17	131,799.98
Change in Net Assets	642,202.91	1,230.53	643,433.44
Net Assets at Beginning of Year	4,207,512.38	115,508.32	4,323,020.70
Prior Period Adjustment	18,424.00	0.00	18,424.00
Net Assets at End of Year	4,868,139.29	116,738.85	4,984,878.14

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2010

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	2,325,292.13	3,725.19	2,329,017.32
Cash Payments for Personnel Services	(274,057.42)	0.00	(274,057.42)
Cash Payments for Goods and Services	(1,408,115.01)	(1,269.19)	(1,409,384.20)
Net Cash Provided (Used) by Operating Activities	643,119.70	2,456.00	645,575.70
Cash Flows from Noncapital Financing Activities			
Operating Grant	112,187.11	0.00	112,187.11
Net Cash Provided (Used) by Noncapital Financing Activities	112,187.11	0.00	112,187.11
Cash Flows from Investing Activities			
Earnings On Investments	18,830.70	782.17	19,612.87
(Increase) Decrease in Investments	(16,574.76)	0.00	(16,574.76)
Net Cash Flows From Investing Activities	2,255.94	782.17	3,038.11
Net Increase (Decrease) in Cash	757,562.75	3,238.17	760,800.92
Cash at Beginning of Year	1,708,878.93	68,953.55	1,777,832.48
Cash at End of Year	2,466,441.68	72,191.72	2,538,633.40
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	511,185.10	448.36	511,633.46
Adjustments:			
Depreciation	170,604.76	0.00	170,604.76
(Increase) Decrease in Assets:			
Accounts / Notes Receivable	(15,530.68)	2,007.64	(13,523.04)
Sales Tax Deposit	(397.58)	0.00	(397.58)
Increase (Decrease) in Liabilities:			
Accounts Payable	(22,636.46)	0.00	(22,636.46)
Customer Deposits	(1,409.96)	0.00	(1,409.96)
Accrued Liabilities	1,304.52	0.00	1,304.52
Net Cash Provided by (Used in) Operating Activities	643,119.70	2,456.00	645,575.70

The accompanying Notes are an integral part of this statement.

Notes to the Basic Financial Statements

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The City of Eatonton, Georgia (the City) operates under a Council / Mayor form of government and provides the following services: public safety, municipal court, highways and streets, sanitation, culture and recreation, public improvements, economic development and general administrative services.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

A municipal governmental reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which a local government is financially accountable. The City is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) it is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves their budget, levies their taxes or issues their debt.

At August 31, 2010, the City of Eatonton had one outside component unit: the Eatonton Downtown Development Authority. As a newly formed organization, the authority had yet to incur any financial activity as of August 31, 2010. Thus, there is no information to include within the accompanying financial statements.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, fund financial statements and the notes to the financial statements. Additionally, combining and individual presentations are provided.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. Individual funds are aggregated as governmental and business-type activities. Governmental activities are those which are supported by taxes, grants and general revenues. Whereas, business-type activities are those which are financed in whole or in part with user fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City at year-end.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of governmental activities and for each identifiable activity of business-type activities. To provide this comparison, the statement of activities reports the expenses of a given function, offset by those revenues directly connected with the same, functional program.

A function is an assembly of similar activities. Portions of a fund or summaries of more than one fund may be included to express the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function a program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City segregates transactions related to certain functions or activities in separate funds. Organizing transactions in this way aids financial management and insures compliance with appropriate accounting, funding and legal requirements.

Fund financial statements are designed to present financial information at a more detailed level than government-wide presentation. Separate fund financial statements are provided for governmental and proprietary funds. In these statements major individual funds are reported in separate columns.

- ***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:
    - ***The General Fund*** – accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose, provided it is expended or transferred according to the general laws of Georgia.
    - ***The Capital Reserve Fund*** – reserves and invests its corpus according to ordinance. Investment earnings may be expended, also, according to ordinance.

- ***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds are classified as enterprise funds. The following is the single, major enterprise fund:
    - ***The Natural Gas Fund*** – accounts for the operation of the City natural gas system.

Note 1 – Summary of Significant Accounting Policies (Continued)

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements – include two distinct measurement focuses, which are applied based on fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements provide a reconciliation to the government-wide statements. The reconciliations include brief explanations of the differences between the government-wide statements and the governmental fund statements.

Proprietary fund types are accounted for on a flow of economic resources measurement focus, at both the government-wide and fund reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Note 1 - Summary of Significant Accounting Policies (Continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: sales taxes, franchise taxes and charges for services.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices. Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2010, are recorded as prepaid items. The consumption method is used by recording an asset for the prepaid amount and by recording the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

Note 1 – Summary of Significant Accounting Policies (Continued)

1-E-5 Consumable Inventories

Consumable inventories of supplies and small tools and hardware are recorded as expenditures/expenses when acquired.

1-E-6 Restricted Assets

Through local resolution, assets are restricted for capital expenditures in the General Fund.

1-E-7 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend an asset's life, are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized. The current capitalization threshold for newly acquired assets is $5,000; all acquisitions of land and titled vehicles or equipment are capitalized, even if the cost is less than $5,000. General infrastructure assets acquired prior to September 1, 2003 are not reported in the basic financial statements.

All reported capital assets are depreciated except for land and any construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings and improvements	10-30 Years	10 Years
Machinery and equipment	3-12 Years	3-12 Years
Vehicles	3-5 Years	3-5 Years
Infrastructure	10-50 Years	10-50 Years

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned. City employees may accumulate between 6 and 18 days of vacation annually, up to a maximum of 30 days. The resulting liability includes salary-related payments (the City's portion of social security and Medicare). It is calculated using current pay rates.

Note 1 – Summary of Significant Accounting Policies (Continued)

Employees may also accumulate sick leave. No liability has been recorded for accumulated sick pay benefits because payment is made only upon the illness of an employee. As such, the amount of payments cannot be reasonably estimated.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each, individual fund at the fund reporting level.

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 these funds.

1-E-10 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 assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, less accumulated depreciation, and further reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets 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. All other net assets are reported as unrestricted.

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

1-E-11 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. These revenues are charges for utility services provided through the Natural Gas Fund and for interest revenues generated by loans extended through the Revolving Loan Fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund. In contrast, all other revenues and expenditures, which are unrelated to the primary activity, are classified as non-operating.

Note 1 – Summary of Significant Accounting Policies (Continued)

1-E-12 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-G. Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The City adopts an annual operating budget for the general fund and each special revenue fund. Original and final budgets are presented for these funds. A project budget is adopted for each capital projects fund, with budget presentation for the entire project period rather than an annual period. All budgets are adopted on a basis consistent with GAAP.

The legal level of control for each adopted annual operating budget, generally, is the department level within each individual fund. Accordingly the budget resolution reflects the total of each department's appropriation within each fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council. Department directors are authorized to transfer line item appropriations within a single department. Only action of Council may authorize the employment of additional personnel. The City does not use encumbrance accounting; all unexpended annual appropriations lapse at year-end.

2-B. Excess of Expenditures over Appropriations – There were no instances of expenditures exceeding the final budget at the fund or function level.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

The City does not have a policy regarding management of custodial risk for deposits or investments.

Note 3 - Detailed Notes on All Funds (Continued)

Deposits - Custodial risk for deposits is the risk that, in the event of financial institution failure, a depositor will not be able to recover deposits or 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.

At August 31, 2010, with the exception of $734, all City deposits were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Investments – Custodial risk for investments is the risk that, in the event of the failure of the counterparty, an investor will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. All investments held by the City at August 31, 2010 are in the form of bank certificates of deposit. Certificates with maturity periods greater than 90 days are classified as investments.

At August 31, 2010 all City investments were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

3-B. Receivables

Receivables at August 31, 2010, consisted of taxes, accounts, notes and intergovernmental receivables arising from hotel/motel tax collections, notes receivable and intergovernmental and grant agreements. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and are substantiated. These are substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

3-C. Capital Assets

Capital asset activity for the year ended August 31, 2010, is presented in the following tables.

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Governmental Capital Assets

Governmental activities:	8/31/2009	Additions	Deductions	8/31/2010
Capital assets not being depreciated:				
Land	390,126.54	0.00	0.00	390,126.54
Construction in progress	115,049.37	0.00	(115,049.37)	0.00
Total non-depreciable capital assets	505,175.91	0.00	(115,049.37)	390,126.54
Depreciable capital assets:				
Buildings and improvements	* 2,544,001.34	0.00	0.00	2,544,001.34
Furniture, fixtures, machinery and equipment	1,300,386.35	109,970.00	(8,235.00)	1,402,121.35
Infrastructure	* 1,692,051.63	363,061.59	0.00	2,055,113.22
Total depreciable capital assets	5,536,439.32	473,031.59	(8,235.00)	6,001,235.91
Total capital assets	6,041,615.23	473,031.59	(123,284.37)	6,391,362.45
Accumulated depreciation:				
Buildings and improvements	* 405,394.88	97,332.11	0.00	502,726.99
Furniture, fixtures, machinery and equipment	* 887,691.14	87,071.49	(7,693.33)	967,069.30
Infrastructure	* 576,115.93	108,178.04	0.00	684,293.97
Total accumulated depreciation	1,869,201.95	292,581.64	(7,693.33)	2,154,090.26
Governmental activities capital assets, net	4,172,413.28	180,449.95	(115,591.04)	4,237,272.19

* Beginning asset allocations were restated.

Governmental activities depreciation expense:	
General government	43,938.08
Public safety	38,329.24
Public works	103,481.25
Culture and recreation	62,373.05
Housing and development	44,460.02
Total governmental activities depreciation expense	292,581.64

Note 3 – Detailed Notes on All Funds (Continued)

Changes in Proprietary Funds Capital Assets

Business-type activities:	8/31/2009	Additions	Deductions	8/31/2010
Capital assets not being depreciated:				
Land	26,500.00	0.00	0.00	26,500.00
Intangible Assets	0.00	18,424.00	0.00	18,424.00
Construction in progress	0.00	0.00	0.00	0.00
Total non-depreciable capital assets	26,500.00	18,424.00	0.00	44,924.00
Depreciable capital assets:				
Furniture, fixtures, machinery and equipment	574,384.84	0.00	0.00	574,384.84
Infrastructure	3,489,243.48	0.00	0.00	3,489,243.48
Total depreciable capital assets	4,063,628.32	0.00	0.00	4,063,628.32
Total capital assets	4,090,128.32	18,424.00	0.00	4,108,552.32
Accumulated depreciation:				
Furniture, fixtures, machinery and equipment	464,989.98	23,074.19	0.00	488,064.17
Infrastructure	1,721,999.07	147,530.57	0.00	1,869,529.64
Total accumulated depreciation	2,186,989.05	170,604.76	0.00	2,357,593.81
Business-type activities capital assets, net	1,903,139.27	(152,180.76)	0.00	1,750,958.51

3-D. – Interfund Balances and Transfers

Interfund Balances - Interfund balances at August 31, 2010, represent reimbursable expenses. They result from short-term loans. The balance between nonmajor governmental funds (the Police Condemnation Fund and the Youth Services Grant Fund) and the General Fund is $25,469.45. In the Police Condemnation Fund, this amount, $5,397.14, represents collected and unremitted non-seizure revenues due to the General Fund. In the Youth Services Grant Fund, this amount, $20,072.31, results from cash advances extended by the General Fund for reimbursable grant expenditures. In both cases, repayment in full is expected within the coming year.

Interfund Transfers - Interfund transfers for the year ended August 31, 2010, result from a transfer of $10,000.00 from the Capital Reserve Fund to the General Fund. This transfer reimburses the General Fund for services provided in accordance with a Capital Reserve Fund mandate.

3-E. Long-Term Debt

Compensated Absences Payable. The following is a summary of changes in all estimated compensated absences payable, as recorded in the General Fund and the Natural Gas (enterprise) Fund.

Changes in Compensated Absences Payable for the Year Ended August 31, 2010

	8/31/2009 Obligation	+ Additions	- Reductions	= 8/31/2010 Obligation	= 8/31/2010 Current	+ 8/31/2010 Long Term
General Fund	65,199.71	5,121.35	2,893.66	67,427.40	13,485.48	53,941.92
Natural Gas Fund	17,241.06	1,304.52	0.00	18,545.58	3,709.12	14,836.46
Totals	82,440.77	6,425.87	2,893.66	85,972.98	17,194.60	68,778.38

Note 3 – Detailed Notes on All Funds (Continued)

3-F. Defined Benefit Pension Plan

Plan Description. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for municipalities in Georgia. All full-time City employees are eligible to participate in GMEBS after completing one year of service. Benefits vest after ten (10) years of service. The system also provides death and disability benefits. Post retirement increases are not applicable to this plan.

The benefit provisions were established by an adoption agreement executed by the City Council. The Georgia Constitution enables the governing authority, the City Council, to establish and amend the contribution rates for the employer and its plan members. Financial statements of the plan are presented in a report issued by GMEBS. Reports may be obtained by writing to GMEBS at 201 Pryor Street S.W., Atlanta, GA 30303.

Funding Policy. The funding policy for the plan is to contribute an amount equal to the recommended contribution as calculated by the actuaries for GMEBS. The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in Governmental Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Further, by meeting the recommended contribution, developed under the actuarial funding policy, the Plan will meet applicable state funding standards as set forth in the Public Retirement System Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan.

Annual Pension Cost. The estimated minimum annual contribution under these funding standards is $138,787. The recommended contribution at January 1, 2010 was $168,677. The recommended contribution represents 11.03 percent of the payroll of covered employees. The City's payroll for employees covered by GMEBS for the year ended January 1, 2010 was $1,494,265 and total payroll for the City's fiscal year ending August 31, 2010 was $2,014,589. Employees are not required to contribute to the fund. Since the City's policy is to contribute the pension expense in each year, the Plan will meet applicable funding standards.

Actuarial Assumptions and Methods. Significant actuarial assumptions are used to compute the annual recommended contribution and the actuarial accrued liability. The GMEBS Board of Trustees adopted changes in the actuarial assumptions and funding policy for the GMEBS Retirement Fund effective January 1, 2010. These changes are the result of an actuarial study which compared results and trends to actuarial assumptions. The valuation date was changed from July 1 to January 1. Other changes to assumptions and methods included the mortality assumption; the salary increase assumption; the net investment return assumption; the inflation assumption; and the asset method. There were no other changes in plan provisions, methods or assumptions in this valuation. The actuarial methods and assumptions are presented on the following page.

Note 3 – Detailed Notes on All Funds (Continued)

Valuation Date	January 1, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases with a net effective amortization period of 10 years.
Asset Valuation	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009; 44% of market value for 2010; 38% of market value for 2011; 32% of market value for 2012; 26% of market value for 2013; and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.50%
Cost of Living Adjustments	0.00%

The period and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Funding Status and Progress. Three year trend information for the City's PERS is presented below.

Pension Year End	Annual Recommended Contribution	Percent Contributed	Net Pension Obligation
July 1, 2007	128,250	100%	0.00
July 1, 2008	103,792	100%	0.00
January 1, 2010	168,677	100%	0.00 ✓

Required Supplementary Information: Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Funded) AAL as a Percent of Covered Payroll (b-a)/c
7/1/08	2,862,663	2,799,716	(62,947)	102.3	1,230,820	0.00%
7/1/09	2,141,898	2,959,673	817,775	72.4	1,413,931	57.84%
1/1/10	2,697,476	3,037,872	340,396	88.8	1,494,265	22.78%

3-G. Post-employment Benefits

The City does not provide health care or life insurance benefits for retired employees.

Note 3 – Detailed Notes on All Funds (Continued)

3-H. Equity

3-H-1 Government-wide Net Assets - The component of net assets, "*Invested in Capital Assets, Net of Related Debt*" on the government-wide statement of net assets as of August 31, 2010 is determined as follows:

	Governmental Activities	Business Type Activities	Total
Investments in capital assets, net of related debt:			
Cost of capital assets	6,391,362.45	4,108,552.32	10,499,914.77
Less accumulated depreciation	2,154,090.26	2,357,593.81	4,511,684.07
Book value	4,237,272.19	1,750,958.51	5,988,230.70
Less capital related debt	0.00	0.00	0.00
Investments in capital assets, net of related debt	4,237,272.19	1,750,958.51	5,988,230.70

3-H-2 Fund Balance Reserves – At the fund financial reporting level, fund balance and net asset reserves / restrictions are detailed as follows:

	Amount	Purpose of Reserve
General Fund		
Reserved for Capital Outlay	374,381.01	Restricted assets reserved for capital outlay
Reserved for Contingencies	561,916.00	Stabilization Reserve
	936,297.01	
Special Revenue Funds		
Capital Reserve Fund	1,008,227.17	Services to citizens through donations to civic organizations
Police Condemnation Fund	36,617.78	Law enforcement materials and equipment
Youth Services Grant Fund	34,879.83	Services to youth in accordance with grant agreements
	1,079,724.78	
Capital Projects Funds		
Special Local Option Sales Tax Fund	414,834.39	Paving; equipment for public safety and public works; water and waste water infrastructure; public building restoration
Total Governmental Fund Fund Balance Reserves	2,430,856.18	
Proprietary Funds		
Natural Gas Fund	202,500.90	Stabilization Reserve
Revolving Loan Fund	116,738.85	Low interest business loans
Total Proprietary Funds Net Asset Reserves / Restrictions	319,239.75	

Note 3 – Detailed Notes on All Funds (Continued)

3-H-3. Prior Period Adjustments

Prior period adjustments were made to the beginning fund balances of the General Fund and the Natural Gas Fund.

In the General Fund, this adjustment is required to recognize revenue from the previous year. The source of revenue was telephone franchise tax. Remittance of the tax, by the telephone service provider, was delinquent. As the amount was unknown to the City, they were unable to accrue it in the proper period.

The prior period adjustment in the Natural Gas Fund is necessary as a result of the City's compliance with the Governmental Accounting Standards Board Statement Number 51, *Accounting and Financial Reporting for Intangible Assets.* The statement is effective for financial statements for periods beginning after June 15, 2009. The City deems the rights of way associated with the natural gas lines along state highways to be an intangible asset. Retroactively, the estimated value of this land, at the time that the gas lines were installed, is incorporated in the financial statements through this adjustment.

3-I. Special Purpose Local Option Sales Tax

A county wide referendum authorizing collection of a one percent, special local option sales tax, provides for municipal projects, as well as county projects. Collections are allocated on a pro rata basis up to the amount designated, in the referendum, for municipal projects. In accordance with the referendum, the proceeds are to be expended (as detailed in the previous note) for paving; for acquisition of public safety and public works equipment; for water and waste water infrastructure; and for restoration of a building to be used as a community, cultural center.

The City accounts for these transactions in the Special Local Option Sales Tax Fund. Cumulative expenditures are presented on the Schedule of Projects Constructed with Special Sales Tax proceeds.

Note 4 - Other Notes

4-A. Risk Management

Predominant exposure for losses lies in the areas of liability and property damage or theft. These risks are mitigated through participation with other Georgia municipalities, in a risk sharing arrangement. Through the Georgia Municipal Association, the City holds membership in Georgia Interlocal Risk Management Agency (G.I.R.M.A). G.I.R.M.A exists by authority of the Official Code of Georgia Annotated 36.85.1 et seq. Members jointly self-insure the risks of general liability, motor vehicle liability, property damage or any combination of such risks.

Since the previous year, there have been no reductions in coverage, and the amount of an insurance settlement has never exceeded coverage.

Additionally, City employees are covered by worker's compensation insurance. Coverage is obtained through membership in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. Benefits provided for employees, pursuant to this agreement, are specifically limited to obligations imposed by Georgia law against the employer for worker's compensation and/or employer's liability.

The funds are to defend and protect fund members against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. Further, the funds are to

Note 4 - Other Notes (Continued)

pay all costs against members in any legal proceeding defended by the member; all interest accruing after entry of judgment; all expenses incurred for investigation, negotiation or defense.

As a member of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools; to cooperate with pool agents and attorneys; to follow loss reduction procedures established by the funds; and to report, as promptly as possible and in accordance with coverage descriptions issued, all incidents which could result in fund payments for claims of loss. Further, the City is to allow the pool's agents and attorneys to represent the City in investigations, settlement discussions and all levels of litigation arising out of any claim which falls within the scope of loss protection furnished by the funds.

4-B. Contingent Liabilities

Georgia Environmental Facilities Loans

On May 1, 2007, the City transferred all assets, liabilities and net assets of its water and waste water treatment and delivery systems to the Eatonton-Putnam Water and Sewer Authority (the Authority). Included in this transfer were the City's outstanding loans payable to the Georgia Environmental Facilities Authority (GEFA). Each of these loans was made for the purpose of expanding and improving the City's (now, the Authority's) water and sewer systems.

All debt was explicitly assumed by the Authority, according to the terms of the contract signed by the two governments. Because these documents are still in the City's name, each of these debts is presented as a contingent liability. The Authority is on schedule with the terms of all loans. The loan terms are presented below.

GEFA Contract #2002-LE37WQ: This loan financed repairs and capital asset improvements to the waste water system. Total debt of $870,706.44 was amortized on February 28, 2007 at 3.37%. This loan is payable in monthly installments of $4,991.79, for 20 years. As of August 31, 2010 the outstanding loan principal was $760,213.43; scheduled payments extend through March 2027.

GEFA Contract #2004-L12WS: This loan financed repairs and capital improvements to the surface water treatment facility. Total debt of $788,730.48 was amortized on September 30, 2007, at 3.84%. This loan is payable in monthly installments of $4,713.33, over a 20 year period, extending through October 2027. The outstanding balance at August 31, 2010 was $710,223.19.

Grant Programs

During this and prior years, the City has been a recipient of both state and federal grants. These programs are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Municipal Gas Authority of Georgia

The City has entered into a contract for natural gas purchases with the Municipal Gas Authority of Georgia (MGAG). MGAG is an association of approximately 70 cities. MGAG has issued bonded debt to purchase various natural gas properties. The City of Eatonton has an "obligation share" of these commitments. Eatonton's total bond obligation share at August 31, 2010, was $1,607,203.

Note 4 - Other Notes (Continued)

Litigation

In the opinion of the City attorney, there were no legal actions in progress by or against the City at August 31, 2010, that would have a material effect on its financial position.

4-C. Applicability of the Single Audit Act

Because the City expended less than $500,000 in federal financial assistance during the fiscal year ended August 31, 2010, performance of a single audit is not required.

4-D. Property Taxes and Local Option Sales Tax

As a result of a local referendum, the City began collecting local option sales taxes on January 1, 1984. The City Council passed a resolution whereby the first year's collections would be deposited into a Special Revenue Fund called the Capital Reserve Fund. The income from the investments of this Fund is restricted by ordinance to be used for cemetery care, grants to non-profit civic organizations, and any other operations of City Government.

The use of the corpus of the Capital Reserve Fund is restricted by the same ordinance, which requires the approval of the City Council and/or a local referendum. Beginning January 1, 1985, property taxes were reduced by the amount of sales taxes which were collected during the previous year. In each ensuing year, sales taxes have offset the need for the City to record or accrue property taxes and the accompanying allowance for uncollectable accounts.

4-E. Related Organizations

The City's mayor is responsible for all of the board appointments for the Housing Authority of the City of Eatonton. However, the City has no further accountability for this organization.

4-F. Joint Venture

Under Georgia Law, the City along with other cities and counties in the eleven county central Georgia area, is a member of the Middle Georgia Regional Development Center (RDC). Dues are required, and assessed on a per capita basis. During the year ended August 31, 2010, the City paid $6,764 in dues.

Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC.

Separate financial statements may be obtained from: Middle Georgia Regional Development Center
175 C Emery Highway
Macon, Georgia 31217

Note 4 - Other Notes (Continued)

4- G. Notes Receivable – Revolving Loan Fund

The following table lists the Economic Development, outstanding loans made with C.D.B.G./E.I.P. grant monies, at August 31, 2010. Allowance for doubtful accounts is established on an individual case basis; no allowance has been established for these loans.

Loans Receivable - Revolving Loan Fund - August 31, 2010	
Heaven's Gate, LLC:	
Original amount $24,034.62, at 5%, payable in graduated monthly installments through January 1, 2018. Payments were on schedule at August 31, 2010.	23,018.96
Café at the Plant:	
Original amount $24,034.62, at 5%, payable in monthly installments of $254.92 through April 15, 2019. This loan was eight months delinquent at August 31, 2010.	22,778.17
Total Loans Receivable	45,797.13

4-H. Hotel-Motel Lodging Tax

The City taxes rentals collected on overnight lodging in accordance with OCGA 48-13-51. All activities for this tax are accounted for in the Hotel / Motel Tax Fund. The tax rate is five percent.

In accordance with state law, and by agreement with the Eatonton-Putnam Chamber of Commerce, these revenues are shared and are used to promote tourism. At fiscal year end, $4,000 remained payable to the Chamber, in fulfillment of this agreement. The City has on file a copy of the Chamber's audited financial statements; these statements verify that proceeds of this tax are used in conformity with Code requirements.

Significant Hotel / Motel Tax Fund transactions are summarized below.

Gross lodging tax receipts	11,659.39 ✓
Less commitment to Chamber of Commerce	(12,000.00) ✓
Less Other expenditures	(500.00) ✓
Decrease in Fund Balance	(840.61)

Governmental Funds

CITY OF EATONTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

AUGUST 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash	58,018.15	414,834.39	472,852.54
Taxes Receivable	871.63	0.00	871.63
Intergovernmental Receivables	52,701.93	0.00	52,701.93
Total Assets	111,591.71	414,834.39	526,426.10
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	4,500.00	0.00	4,500.00
Interfund Payable	25,469.45	0.00	25,469.45
Total Liabilities	29,969.45	0.00	29,969.45
Fund Balance:			
Reserved, Unexpended Grant Proceeds	34,879.83	0.00	34,879.83
Reserved for Program Purposes	36,617.78	0.00	36,617.78
Reserved for Capital Outlay	0.00	414,834.39	414,834.39
Unreserved	10,124.65	0.00	10,124.65
Total Fund Balances	81,622.26	414,834.39	496,456.65
Total Liabilities and Fund Balance	111,591.71	414,834.39	526,426.10

CITY OF EATONTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	11,659.39	0.00	11,659.39
Intergovernmental	48,491.00	218,167.00	266,658.00
Fines and Forfeitures	41,148.19	0.00	41,148.19
Contributions from Private Sources	1,201.56	0.00	1,201.56
Interest Income	42.10	655.63	697.73
	102,542.24	218,822.63	321,364.87
Expenditures			
Housing and Development	60,704.22	33,088.00	93,792.22
Public Safety	14,906.59	0.00	14,906.59
Public Works	0.00	185,317.00	185,317.00
Capital Outlay	0.00	22,610.48	22,610.48
	75,610.81	241,015.48	316,626.29
Excess (Deficiency) of Revenues over Expenditures	26,931.43	(22,192.85)	4,738.58
Fund Balance at Beginning of Year	54,690.83	437,027.24	491,718.07
Fund Balance at End of Year	81,622.26	414,834.39	496,456.65

General Fund

To account for those resources traditionally associated with governments, which are not required to be accounted for in another fund.

CITY OF EATONTON, GEORGIA

GENERAL FUND

BALANCE SHEET

AUGUST 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Cash	1,124,868.88	2,049,895.50
Time Certificates of Deposit	190,500.00	190,500.00
Accounts Receivable, Net of Allowance for Doubtful Accounts	19,189.40	21,725.09
Due From Youth Services Grant Fund	20,072.31	23,683.51
Due From Police Condemnation Fund	5,397.14	4,233.60
Grant Funds Receivable	93,362.85	0.00
Due From State Government	366,694.28	449,098.30
Restricted Assets:		
Time Certificates of Deposit	374,381.01	373,564.53
Total Assets	2,194,465.87	3,112,700.53
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	164,552.20	120,606.12
Accrued Wages and Related Liabilities	99,119.34	101,070.66
Deposits	29,061.24	22,724.99
Total Liabilities	292,732.78	244,401.77
Fund Balance:		
Reserved for Capital Outlay	374,381.01	373,564.53
Reserved for Contingencies	561,916.00	515,596.30
Unreserved	965,436.08	1,979,137.93
Total Fund Balance	1,901,733.09	2,868,298.76
Total Liabilities and Fund Balance	2,194,465.87	3,112,700.53

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes	3,472,000.00	3,472,000.00	2,923,710.28	(548,289.72)	3,382,852.78
Licenses and Permits	85,000.00	85,000.00	73,630.13	(11,369.87)	74,671.01
Intergovernmental Revenues	0.00	193,045.00	258,764.99	65,719.99	23,718.00
Charges for Services	273,100.00	273,100.00	222,036.81	(51,063.19)	243,396.51
Fines and Forfeitures	260,000.00	260,000.00	178,944.57	(81,055.43)	247,300.84
Other	76,500.00	76,500.00	38,621.02	(37,878.98)	40,923.00
Total Revenues	4,166,600.00	4,359,645.00	3,695,707.80	(663,937.20)	4,012,862.14
Expenditures					
Current:					
General Government	955,957.00	858,957.00	834,584.51	(24,372.49)	788,697.15
Judicial	16,150.00	18,150.00	16,337.96	(1,812.04)	13,825.08
Public Safety	1,571,612.00	2,145,969.00	2,124,589.02	(21,379.98)	1,567,169.93
Public Works	1,442,717.00	1,503,717.00	1,497,478.70	(6,238.30)	1,354,121.03
Health and Welfare	4,046.00	4,046.00	3,616.83	(429.17)	4,141.97
Culture and Recreation	92,232.00	132,482.00	125,542.63	(6,939.37)	118,186.31
Housing and Development	93,886.00	94,886.00	80,326.86	(14,559.14)	74,258.38
Total Expenditures	4,176,600.00	4,758,207.00	4,682,476.51	(75,730.49)	3,920,399.85
Excess (Deficiency) of Revenues	(10,000.00)	(398,562.00)	(986,768.71)	(588,206.71)	92,462.29
Other Financing Sources					
Transfers In: Capital Reserve Fund	10,000.00	10,000.00	10,000.00	0.00	10,000.00
Allocation of Prior Year's Fund Balance	0.00	390,562.00	0.00	(390,562.00)	0.00
Total Other Financing Sources (Uses)	10,000.00	400,562.00	10,000.00	(390,562.00)	10,000.00
Net Change in Fund Balance	0.00	2,000.00	(976,768.71)	(978,768.71)	102,462.29
Fund Balance at Beginning of Year			2,868,298.76		2,765,836.47
Prior Period Adjustment			10,203.04		0.00
Fund Balance at End of Year			1,901,733.09		2,868,298.76

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes:					
Local Option Sales Tax	2,500,000.00	2,500,000.00	2,008,631.07	(491,368.93)	2,443,891.03
Tax on Insurance Premiums	370,000.00	370,000.00	375,017.26	5,017.26	378,569.01
Utility Franchise Tax	322,000.00	322,000.00	310,285.91	(11,714.09)	322,701.58
Alcoholic Beverage Tax	280,000.00	280,000.00	229,776.04	(50,223.96)	237,691.16
	3,472,000.00	3,472,000.00	2,923,710.28	(548,289.72)	3,382,852.78
Licenses and Permits:					
Business Licenses	85,000.00	85,000.00	73,630.13	(11,369.87)	74,671.01
	85,000.00	85,000.00	73,630.13	(11,369.87)	74,671.01
Intergovernmental Grants for:					
Public Safety	0.00	145,000.00	160,720.02	15,720.02	2,528.00
Public Works	0.00	48,045.00	95,048.97	47,003.97	17,440.00
Other	0.00	0.00	2,996.00	2,996.00	3,750.00
	0.00	193,045.00	258,764.99	65,719.99	23,718.00
Charges for Services:					
General Government	1,000.00	1,000.00	594.00	(406.00)	396.00
Public Safety	0.00	0.00	2,251.54	2,251.54	4,233.60
Public Works	272,100.00	272,100.00	219,191.27	(52,908.73)	238,766.91
	273,100.00	273,100.00	222,036.81	(51,063.19)	243,396.51
Fines and Forfeitures:					
Municipal Court	260,000.00	260,000.00	178,944.57	(81,055.43)	247,300.84
	260,000.00	260,000.00	178,944.57	(81,055.43)	247,300.84
Other:					
Interest Earned	50,000.00	50,000.00	19,854.92	(30,145.08)	24,052.05
Rent	15,000.00	15,000.00	9,701.00	(5,299.00)	8,251.00
Sale of Surplus Assets	10,000.00	10,000.00	6,303.00	(3,697.00)	7,504.95
Miscellaneous	1,500.00	1,500.00	2,762.10	1,262.10	1,115.00
	76,500.00	76,500.00	38,621.02	(37,878.98)	40,923.00
Total Revenues	4,166,600.00	4,359,645.00	3,695,707.80	(663,937.20)	4,012,862.14
Other Financing Sources					
Transfer from Capital Reserve Fund	10,000.00	10,000.00	10,000.00	0.00	10,000.00
Allocation of Prior Year's Fund Balance	0.00	390,562.00	0.00	(390,562.00)	0.00
Total Other Financing Sources	10,000.00	400,562.00	10,000.00	(390,562.00)	10,000.00
Total Revenues and Other Financing Sources	4,176,600.00	4,760,207.00	3,705,707.80	(1,054,499.20)	4,022,862.14

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
General Government					
City Council and Executive Offices					
Personnel Services and Employee Benefits	82,619.00	94,619.00	89,327.48	(5,291.52)	81,052.56
Travel, Education and Training	16,000.00	16,000.00	13,516.89	(2,483.11)	15,669.38
Insurance	33,000.00	33,000.00	39,391.00	6,391.00	29,717.00
Communications	1,500.00	1,500.00	2,009.31	509.31	1,283.74
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Other	14,400.00	11,400.00	4,662.58	(6,737.42)	5,215.22
	147,519.00	156,519.00	148,907.26	(7,611.74)	132,937.90
Elections					
Poll Workers	3,600.00	3,600.00	3,578.58	(21.42)	0.00
Travel, Education and Training	700.00	700.00	30.00	(670.00)	2,091.39
Communications	500.00	500.00	0.00	(500.00)	452.18
Supplies	5,000.00	5,000.00	157.00	(4,843.00)	5.10
	9,800.00	9,800.00	3,765.58	(6,034.42)	2,548.67
Financial and General Administration					
Personnel Services and Employee Benefits	268,825.00	268,825.00	274,434.64	5,609.64	255,220.32
Travel, Education and Training	6,000.00	6,000.00	2,564.50	(3,435.50)	6,261.70
Professional Services	60,000.00	60,000.00	66,552.93	6,552.93	41,170.85
Technical Services	34,000.00	34,000.00	5,860.31	(28,139.69)	6,566.92
Maintenance and Repairs	7,000.00	7,000.00	19,467.58	12,467.58	11,694.46
Insurance	7,000.00	7,000.00	6,551.00	(449.00)	6,659.00
Communications	9,000.00	9,000.00	10,266.01	1,266.01	8,687.61
Licenses, Memberships and Dues	31,000.00	31,000.00	7,885.83	(23,114.17)	7,392.28
Supplies	10,000.00	10,000.00	14,679.74	4,679.74	11,300.03
Gasoline	4,000.00	4,000.00	2,538.54	(1,461.46)	2,218.54
Utilities	6,000.00	6,000.00	4,394.93	(1,605.07)	5,710.87
Capital Outlay	8,000.00	8,000.00	0.00	(8,000.00)	5,815.48
Intergovernmental Grant	0.00	0.00	50,000.00	50,000.00	0.00
Other	36,763.00	16,763.00	916.91	(15,846.09)	4,908.93
	487,588.00	467,588.00	466,112.92	(1,475.08)	373,606.99
Buildings and Grounds					
Personnel Services and Employee Benefits	172,785.00	172,785.00	151,582.51	(21,202.49)	131,846.43
Travel, Education and Training	200.00	200.00	0.00	(200.00)	0.00
Technical Services	4,100.00	4,100.00	1,360.00	(2,740.00)	5,270.54
Maintenance and Repairs	5,000.00	5,000.00	27,750.01	22,750.01	31,208.88
Insurance	11,265.00	11,265.00	10,933.00	(332.00)	10,258.00
Communications	500.00	500.00	954.30	454.30	834.55
Supplies	8,600.00	8,600.00	7,832.96	(767.04)	10,688.75
Gasoline	3,600.00	3,600.00	3,918.47	318.47	4,935.06
Utilities	9,000.00	9,000.00	3,454.50	(5,545.50)	8,698.61
Capital Outlay	96,000.00	10,000.00	8,013.00	(1,987.00)	75,862.77
	311,050.00	225,050.00	215,798.75	(9,251.25)	279,603.59
Total General Government	955,957.00	858,957.00	834,584.51	(24,372.49)	788,697.15

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Judicial System					
Municipal Court	16,150.00	18,150.00	16,337.96	(1,812.04)	13,825.08
Total Judicial System	16,150.00	18,150.00	16,337.96	(1,812.04)	13,825.08
Public Safety					
Police Department					
Personnel Services and Employee Benefits	1,096,897.00	1,386,897.00	1,264,674.90	(122,222.10)	1,137,466.34
Travel, Education and Training	5,000.00	5,000.00	10,719.38	5,719.38	9,045.25
Technical Services	30,695.00	30,695.00	11,990.51	(18,704.49)	13,447.90
Maintenance and Repairs	59,000.00	59,000.00	142,433.82	83,433.82	57,971.53
Insurance	35,000.00	35,000.00	34,299.32	(700.68)	30,565.95
Communications	7,200.00	7,200.00	14,490.19	7,290.19	17,896.88
Supplies, Hardware and Small Equipment	24,600.00	24,600.00	78,004.53	53,404.53	45,681.99
Gasoline	80,000.00	80,000.00	70,842.59	(9,157.41)	58,289.54
Utilities	9,000.00	9,000.00	11,124.80	2,124.80	10,928.81
Towing and Impound	4,000.00	4,000.00	1,991.00	(2,009.00)	4,077.00
Prisoner Housing	4,800.00	4,800.00	21,834.38	17,034.38	14,490.20
Drug Task Force	5,000.00	5,000.00	5,000.00	0.00	5,000.00
Capital Outlay	28,000.00	28,000.00	31,350.00	3,350.00	0.00
Other	4,000.00	4,000.00	3,942.56	(57.44)	354.41
	1,393,192.00	1,683,192.00	1,702,697.98	19,505.98	1,405,215.80
Fire and Rescue Safety					
Fire Fighter Fees and Associated Costs	65,520.00	231,777.00	242,271.19	10,494.19	59,564.88
Rescue Squad Fees and Associated Costs	31,700.00	39,800.00	37,966.95	(1,833.05)	32,813.24
Travel, Education and Training	400.00	400.00	718.27	318.27	0.00
Maintenance and Repairs	6,000.00	116,000.00	77,404.94	(38,595.06)	8,275.76
Insurance	3,600.00	3,600.00	3,461.00	(139.00)	3,258.00
Communications	3,400.00	3,400.00	2,787.90	(612.10)	1,623.13
Supplies, Hardware and Small Equipment	5,000.00	5,000.00	14,416.55	9,416.55	5,966.21
Gasoline	2,500.00	2,500.00	4,850.87	2,350.87	1,226.13
Capital Outlay	6,000.00	6,000.00	0.00	(6,000.00)	5,339.00
Other	0.00	0.00	1,274.60	1,274.60	0.00
	124,120.00	408,477.00	385,152.27	(23,324.73)	118,066.35
Emergency Management	12,700.00	12,700.00	55.11	(12,644.89)	11,673.08
Animal Control	41,600.00	41,600.00	36,683.66	(4,916.34)	32,214.70
Total Public Safety	1,571,612.00	2,145,969.00	2,124,589.02	(21,379.98)	1,567,169.93

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Public Works					
Highways and Streets					
Personnel Services and Employee Benefits	729,917.00	729,917.00	627,577.79	(102,339.21)	615,842.11
Engineering Services	8,000.00	8,000.00	0.00	(8,000.00)	0.00
Technical Services	4,000.00	4,000.00	21,549.00	17,549.00	6,054.00
Street Repairs	36,000.00	36,000.00	9,169.07	(26,830.93)	990.46
Maintenance and Repairs	52,000.00	107,000.00	145,741.81	38,741.81	47,438.58
Insurance	33,000.00	33,000.00	30,032.00	(2,968.00)	26,991.50
Communications	4,000.00	4,000.00	4,055.95	55.95	4,665.51
Supplies, Hardware and Small Equipment	87,100.00	115,100.00	104,013.13	(11,086.87)	112,539.28
Gasoline	36,000.00	36,000.00	44,050.71	8,050.71	44,722.42
Utilities	110,000.00	110,000.00	129,099.83	19,099.83	126,500.61
Prison Crew Fees	80,000.00	80,000.00	79,000.00	(1,000.00)	79,000.00
Capital Outlay	59,000.00	59,000.00	125,982.22	66,982.22	86,340.37
	1,239,017.00	1,322,017.00	1,320,271.51	(1,745.49)	1,151,084.84
Solid Waste and Recycling					
Garbage Collection Fees	202,500.00	180,500.00	176,194.89	(4,305.11)	202,641.34
Recycling Center Operations	1,200.00	1,200.00	1,012.30	(187.70)	394.85
	203,700.00	181,700.00	177,207.19	(4,492.81)	203,036.19
Total Public Works	1,442,717.00	1,503,717.00	1,497,478.70	(6,238.30)	1,354,121.03
Health and Welfare					
Mosquito Control	4,046.00	4,046.00	3,616.83	(429.17)	4,141.97
Total Health and Welfare	4,046.00	4,046.00	3,616.83	(429.17)	4,141.97
Culture and Recreation					
Personnel Services and Employee Benefits	51,632.00	51,632.00	51,938.86	306.86	46,379.78
Travel, Education and Training	1,400.00	1,400.00	1,973.22	573.22	761.82
Maintenance and Repairs	2,000.00	2,000.00	7,380.34	5,380.34	7,924.52
Insurance	12,000.00	12,000.00	10,405.00	(1,595.00)	10,409.00
Communications	1,000.00	1,000.00	0.00	(1,000.00)	0.00
Supplies, Hardware and Small Equipment	2,000.00	2,000.00	0.00	(2,000.00)	490.58
Utilities	16,200.00	56,200.00	47,602.47	(8,597.53)	39,353.26
Recreation Support	6,000.00	6,250.00	6,242.74	(7.26)	12,867.35
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Total Culture and Recreation	92,232.00	132,482.00	125,542.63	(6,939.37)	118,186.31

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Housing and Development					
Personnel Services and Employee Benefits	41,686.00	42,686.00	42,621.27	(64.73)	38,403.03
Planning and Zoning Board	4,200.00	4,200.00	2,500.00	(1,700.00)	3,150.00
Travel, Education and Training	2,600.00	2,600.00	1,435.08	(1,164.92)	2,261.45
Technical Services	2,000.00	2,000.00	0.00	(2,000.00)	50.00
Maintenance and Repairs	700.00	700.00	40.00	(660.00)	245.00
Insurance	500.00	500.00	973.00	473.00	898.00
Communications	1,200.00	1,200.00	773.90	(426.10)	405.02
Supplies, Hardware and Small Equipment	1,600.00	1,600.00	132.93	(1,467.07)	520.39
Gasoline	800.00	800.00	762.06	(37.94)	705.02
Economic Development	38,600.00	38,600.00	31,088.62	(7,511.38)	27,620.47
Total Housing and Development	93,886.00	94,886.00	80,326.86	(14,559.14)	74,258.38
Total Expenditures	4,176,600.00	4,758,207.00	4,682,476.51	(75,730.49)	3,920,399.85

SPECIAL REVENUE FUNDS

Major Fund

Capital Reserve Fund – To account for the first year's collections of local option sales taxes. Income from investments of these collections is restricted to specific purposes by ordinance.

Nonmajor Funds

Hotel / Motel Tax Fund – To account for taxes collected on overnight lodging rentals. In accordance with state law, a portion of collections is expended to promote tourism.

Police Condemnation Fund – To account for net proceeds of confiscated items, seized in drug related crimes. Expenditures are legally restricted to purchases of law enforcement supplies and equipment.

Youth Services Grant Fund – To account for the proceeds of state, Family Connection grants and related grants, the expenditures of which are designated, by contract, to support of youth and families.

CITY OF EATONTON, GEORGIA

CAPITAL RESERVE FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 and 2009

	2010	2009
Assets		
Cash and Cash Equivalents	22,477.17	27,857.49
Time Certificates of Deposit	987,500.00	987,500.00
Total Assets	1,009,977.17	1,015,357.49
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	1,750.00	1,750.00
Fund Balance, Reserved for Program Purposes	1,008,227.17	1,013,607.49
Total Liabilities and Fund Balance	1,009,977.17	1,015,357.49

CITY OF EATONTON, GEORGIA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Interest Earned	20,000.00	20,000.00	28,997.53	8,997.53	31,376.40
Total Revenues	20,000.00	20,000.00	28,997.53	8,997.53	31,376.40
Expenditures					
Donation - Library	16,000.00	16,000.00	15,520.00	(480.00)	16,000.00
Donation - Historical Society	3,400.00	2,636.00	343.85	(2,292.15)	1,291.79
Regional Development Commission Dues	6,000.00	6,764.00	6,764.00	0.00	6,764.00
Professional Fees	1,600.00	1,600.00	1,750.00	150.00	1,750.00
Total Expenditures	27,000.00	27,000.00	24,377.85	(2,622.15)	25,805.79
Excess (Deficiency) of Revenues Over Expenditures	(7,000.00)	(7,000.00)	4,619.68	11,619.68	5,570.61
Other Financing Sources (Uses)					
Allocation of Prior Year's Fund Balance	17,000.00	17,000.00	0.00	(17,000.00)	0.00
Transfer to General Fund	(10,000.00)	(10,000.00)	(10,000.00)	0.00	(10,000.00)
Total Other Financing Sources (Uses)	7,000.00	7,000.00	(10,000.00)	(17,000.00)	(10,000.00)
Net Change in Fund Balance	0.00	0.00	(5,380.32)	(5,380.32)	(4,429.39)
Fund Balance At Beginning of Year			1,013,607.49		1,018,036.88
Fund Balance At End of Year			1,008,227.17		1,013,607.49

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2010

	Hotel / Motel Tax Fund	Police Condemnation Fund	Youth Services Grant Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash	13,753.02	42,014.92	2,250.21	58,018.15
Grant Funds Receivable	0.00	0.00	52,701.93	52,701.93
Taxes Receivable	871.63	0.00	0.00	871.63
Total Assets	14,624.65	42,014.92	54,952.14	111,591.71
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	4,500.00	0.00	0.00	4,500.00
Interfund Payable	0.00	5,397.14	20,072.31	25,469.45
Total Liabilities	4,500.00	5,397.14	20,072.31	29,969.45
Fund Balance:				
Reserved, Unexpended Grant Proceeds	0.00	0.00	34,879.83	34,879.83
Reserved for Program Purposes	0.00	36,617.78	0.00	36,617.78
Unreserved	10,124.65	0.00	0.00	10,124.65
Total Fund Balances	10,124.65	36,617.78	34,879.83	81,622.26
Total Liabilities and Fund Balance	14,624.65	42,014.92	54,952.14	111,591.71

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2010

	Hotel / Motel Tax Fund	Police Condemnation Fund	Youth Services Grant Fund	Total Nonmajor Special Revenue Funds
Revenues				
Hotel / Motel Taxes	11,659.39	0.00	0.00	11,659.39
Intergovernmental State Grants	0.00	0.00	48,491.00	48,491.00
Fines and Forfeitures	0.00	41,148.19	0.00	41,148.19
Private, Local Grants	0.00	0.00	1,201.56	1,201.56
Interest Income	0.00	42.10	0.00	42.10
	11,659.39	41,190.29	49,692.56	102,542.24
Expenditures				
Housing and Development	12,500.00	0.00	48,204.22	60,704.22
Public Safety	0.00	14,906.59	0.00	14,906.59
	12,500.00	14,906.59	48,204.22	75,610.81
Excess (Deficiency) of Revenues over Expenditures	(840.61)	26,283.70	1,488.34	26,931.43
Fund Balance at Beginning of Year	10,965.26	10,334.08	33,391.49	54,690.83
Fund Balance at End of Year	10,124.65	36,617.78	34,879.83	81,622.26

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	13,753.02	10,477.21
Taxes Receivable	871.63	988.05
Total Assets	14,624.65	11,465.26
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	4,500.00	500.00
Fund Balance, Unreserved	10,124.65	10,965.26
Total Liabilities and Fund Balance	14,624.65	11,465.26

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Hotel / Motel Taxes	10,000.00	10,000.00	11,659.39	1,659.39	12,286.59
Expenditures					
Contracted Services for Tourism Promotion	12,000.00	12,000.00	12,000.00	0.00	12,914.60
Professional Services	500.00	500.00	500.00	0.00	500.00
	12,500.00	12,500.00	12,500.00	0.00	13,414.60
Excess (Deficiency) of Revenues over Expenditures	(2,500.00)	(2,500.00)	(840.61)	1,659.39	(1,128.01)
Other Financing Sources (Uses)					
Allocation of Prior Year's Fund Balance	2,500.00	2,500.00	0.00	(2,500.00)	0.00
Net Change in Fund Balance	0.00	0.00	(840.61)	(840.61)	(1,128.01)
Fund Balance at Beginning of Year			10,965.26		12,093.27
Fund Balance at End of Year			10,124.65		10,965.26

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	42,014.92	14,567.68
Total Assets	42,014.92	14,567.68
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	5,397.14	4,233.60
Fund Balance		
Reserved for Program Purposes	36,617.78	10,334.08
Total Liabilities and Fund Balance	42,014.92	14,567.68

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Proceeds from Seizures	11,000.00	11,000.00	41,148.19	30,148.19	9,182.65
Interest Earned	50.00	50.00	42.10	(7.90)	25.83
Total Revenues	11,050.00	11,050.00	41,190.29	30,140.29	9,208.48
Expenditures					
Education and Training	1,050.00	1,050.00	6,832.56	5,782.56	538.48
Supplies, Small Tools and Equipment	0.00	0.00	754.03	754.03	7,307.00
Capital Outlay	10,000.00	10,000.00	7,320.00	(2,680.00)	0.00
Total Expenditures	11,050.00	11,050.00	14,906.59	3,856.59	7,845.48
Net Change in Fund Balance	0.00	0.00	26,283.70	26,283.70	1,363.00
Fund Balance at Beginning of Year			10,334.08		8,971.08
Fund Balance at End of Year			36,617.78		10,334.08

CITY OF EATONTON, GEORGIA

YOUTH SERVICES GRANT FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	2,250.21	0.00
Grant Funds Receivable	52,701.93	57,075.00
Total Assets	54,952.14	57,075.00
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	20,072.31	23,683.51
Fund Balance, Reserved for Grant Purposes	34,879.83	33,391.49
Total Liabilities and Fund Balance	54,952.14	57,075.00

CITY OF EATONTON, GEORGIA

YOUTH SERVICES GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Family Connection Grant	50,000.00	50,000.00	44,000.00	(6,000.00)	45,000.00
Emergency Food and Shelter Grant	0.00	0.00	4,491.00	4,491.00	0.00
Community Support	20,000.00	20,000.00	1,201.56	(18,798.44)	2,347.64
	70,000.00	70,000.00	49,692.56	(20,307.44)	47,347.64
Expenditures					
Purchased Services	80,000.00	80,000.00	45,020.74	(34,979.26)	50,366.44
Supplies	0.00	0.00	3,183.48	3,183.48	2,188.46
	80,000.00	80,000.00	48,204.22	(31,795.78)	52,554.90
Excess (Deficiency) of Revenues over Expenditures	(10,000.00)	(10,000.00)	1,488.34	11,488.34	(5,207.26)
Other Financing Sources					
Allocation of Prior Year's Fund Balance	10,000.00	10,000.00	0.00	(10,000.00)	0.00
Net Change in Fund Balance	0.00	0.00	1,488.34	1,488.34	(5,207.26)
Fund Balance at Beginning Of Year			33,391.49		42,098.75
Prior Period Adjustment			0.00		(3,500.00)
Fund Balance at End of Year			34,879.83		33,391.49

CAPITAL PROJECTS FUNDS

Nonmajor Funds

Special Local Option Sales Tax Fund – To account for receipts of special sales tax proceeds. Proceeds are to be expended in accordance with the terms of a local referendum for

- Vehicles and equipment for public safety and public works
- Paving
- Water system and waste water system infrastructure
- Cultural and recreational center building

Community Housing Incentive Program Fund, #1: 06m-x-117-2-2935 – To account for grant proceeds designated for home repairs for low and very low income home owners.

Community Development Block Grant Fund, #5: 07p-x-117-2-3338 – To account for grant proceeds designated for a street drainage project.

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash and Cash Equivalents	414,834.39	436,789.24
Liabilities and Fund Balance		
Liabilities		
None	0.00	0.00
Fund Balance		
Reserved for Capital Outlay	414,834.39	436,789.24
Total Liabilities and Fund Balance	414,834.39	436,789.24

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Revenues		
Intergovernmental Revenues	0.00	189,786.46
Interest Income	655.63	1,352.05
	655.63	191,138.51
Expenditures		
Capital Outlay		
Public Safety		
Police Vehicles	0.00	24,522.13
Fire Fighting Equipment	0.00	560.03
Public Works		
Roads, Bridges, Sidewalks	22,610.48	12,210.00
Road Maintenance Equipment	0.00	4,000.00
Grant to Eatonton-Putnam Water and Sewer Authority		
Water Lines	0.00	90,423.60
Culture and Recreation		
Community Cultural Center	0.00	500,000.00
	22,610.48	631,715.76
Net Change in Fund Balance	(21,954.85)	(440,577.25)
Fund Balance at Beginning of Year	436,789.24	877,366.49
Fund Balance at End of Year	414,834.39	436,789.24

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2010

	SPLOST Fund	CHIP #1 Fund	CDBG #5 Fund	Total Nonmajor Capital Projects Funds
Assets				
Cash	414,834.39	0.00	0.00	414,834.39
Total Assets	414,834.39	0.00	0.00	414,834.39
Liabilities and Fund Balance				
Liabilities:				
None	0.00	0.00	0.00	0.00
Fund Balance:				
Reserved for Capital Outlay	414,834.39	0.00	0.00	414,834.39
Total Liabilities and Fund Balance	414,834.39	0.00	0.00	414,834.39

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2010

	SPLOST Fund	CHIP #1 Fund	CDBG #5 Fund	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental Federal Grant	0.00	32,858.00	185,309.00	218,167.00
Interest Income	655.63	0.00	0.00	655.63
	655.63	32,858.00	185,309.00	218,822.63
Expenditures				
Housing and Development	0.00	33,088.00	0.00	33,088.00
Public Works	0.00	0.00	185,317.00	185,317.00
Capital Outlay	22,610.48	0.00	0.00	22,610.48
	22,610.48	33,088.00	185,317.00	241,015.48
Excess (Deficiency) of Revenues over Expenditures	(21,954.85)	(230.00)	(8.00)	(22,192.85)
Fund Balance at Beginning of Year	436,789.24	230.00	8.00	437,027.24
Fund Balance at End of Year	414,834.39	0.00	0.00	414,834.39

CITY OF EATONTON, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM GRANT FUND, # 1

C.H.I.P. No. 06m-x-117-2-2935

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	0.00	230.00
Total Assets	0.00	230.00
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance	0.00	230.00
Total Liabilities and Fund Balance	0.00	230.00

CITY OF EATONTON, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM GRANT FUND, # 1

C.H.I.P. No. 06m-x-117-2-2935

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Revenues		
Intergovernmental Federal Grant - C.H.I.P.	32,858.00	107,098.00
	32,858.00	107,098.00
Expenditures		
Capital Outlay for Rehabilitation of Private Properties		
Housing and Development		
Home Repairs and Improvements	29,538.00	105,617.00
Administration	3,550.00	7,000.00
	33,088.00	112,617.00
Excess (Deficiency) of Revenues over Expenditures	(230.00)	(5,519.00)
Fund Balance at Beginning of Year	230.00	5,749.00
Fund Balance at End of Year	0.00	230.00

CITY OF EATONTON, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM GRANT FUND, #1

C.H.I.P. No. 06m-x-117-2-2935

STATEMENT OF SOURCE AND STATUS OF FUNDS

FOR THE PERIOD SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2010

Source of Funds		
Total Program Funds Allocated	299,997.00	
Less: Total Funds Drawn Down by Recipient	296,685.00	
		3,312.00
Status of Funds		
Total Funds Drawn Down by Recipient	296,685.00	
Grant Receivable Accrued	0.00	
Less: Funds Applied to Program Expense	(296,685.00)	
Total Funds Held by Recipient		0.00
Unused Balance of Allocated Funds at Program Completion		3,312.00

CITY OF EATONTON, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM GRANT FUND, #1

C.H.I.P. No. 06m-x-117-2-2935

STATEMENT OF PROJECT COSTS

FOR THE PERIOD SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2010

Program Activity	Activity Number	Approved Budget	Expenditures Cumulative	Questioned Costs
Rehabilitation of Private Properties	H-14A-01	284,244.00	282,685.00	0.00
Administration	A-21A-00	14,000.00	14,000.00	0.00
Contingengencies	C-022-00	1,753.00	0.00	0.00
Total		299,997.00	296,685.00	0.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 5

C.D.B.G. No. 07p-x-117-2-3338

COMPARATIVE BALANCE SHEET

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	0.00	8.00
Total Assets	0.00	8.00
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance	0.00	8.00
Total Liabilities and Fund Balance	0.00	8.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 5

C.D.B.G. No. 07p-x-117-2-3338

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Revenues		
Intergovernmental Federal Grant - C.D.B.G.	185,309.00	5,700.00
	185,309.00	5,700.00
Expenditures		
Capital Outlay for Street Improvements		
Public Works		
Street Improvements	117,492.84	0.00
Flood and Drainage Facilities	66,167.16	0.00
Engineering	0.00	4,100.00
Administration	1,657.00	5,520.00
	185,317.00	9,620.00
Excess (Deficiency) of Revenues over Expenditures	(8.00)	(3,920.00)
Fund Balance at Beginning of Year	8.00	3,928.00
Fund Balance at End of Year	0.00	8.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 5

C.D.B.G. No. 07p-x-117-2-3338

STATEMENT OF SOURCE AND STATUS OF FUNDS

FOR THE PERIOD SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2010

Source of Funds		
Total Program Funds Allocated	220,809.00	
Less: Total Funds Drawn Down by Recipient	220,809.00	
Program Funds Still Available from HUD		0.00
Status of Funds		
Total Funds Drawn Down by Recipient	220,809.00	
Less: Funds Applied to Program Expense	220,809.00	
Total Funds Held by Recipient		0.00
Total Program Funds Available for Disposition		0.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 5

C.D.B.G. No. 07p-x-117-2-3338

STATEMENT OF PROJECT COSTS

FOR THE PERIOD SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2010

Program Activity	CDBG Activity Number	Approved Budget	CDBG Expenditures Cumulative	Questioned Costs
Street Improvements	P-03K-01	67,860.00	71,147.83	0.00
Flood and Drainage Facilities	P-03K-02	105,400.00	116,612.17	0.00
Engineering	T-03K-00	19,800.00	19,800.00	0.00
Administration	A-21A -00	13,249.00	13,249.00	0.00
Contingencies	C-022-00	14,500.00	0.00	0.00
Total		220,809.00	220,809.00	0.00

PROPRIETARY FUNDS

Major Fund

Natural Gas Fund – To account for the provision of natural gas services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance. All costs including depreciation are recorded in the fund.

Nonmajor Fund

Revolving Loan Fund – To account for monies provided by the federal government, through a Community Development Block Grant Employment Incentive Program, which finances low-interest loans to local businesses and industries. Interest earnings, from loans and deposits, increases the amount available for loans.

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

COMPARATIVE STATEMENT OF NET ASSETS

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Current Assets		
Cash	2,466,441.68	1,708,878.93
Time Certificates of Deposit	381,266.94	375,831.18
Accounts Receivable, Net of Allowance for Doubtful Accounts	46,359.64	30,828.96
Sales Tax Deposit	3,139.05	2,741.47
Time Certificates of Deposit, Customer Deposits	359,348.73	348,209.73
Total Current Assets	3,256,556.04	2,466,490.27
Capital Assets		
Natural Gas System in Service	3,534,167.48	3,515,743.48
Machinery and Equipment	574,384.84	574,384.84
	4,108,552.32	4,090,128.32
Less Accumulated Depreciation	2,357,593.81	2,186,989.05
Total Capital Assets	1,750,958.51	1,903,139.27
Total Assets	5,007,514.55	4,369,629.54
Liabilities		
Current Liabilities		
Accounts Payable	21,670.80	44,307.26
Customer Deposits	99,158.88	100,568.84
Current Portion of Compensated Absences Payable	3,709.12	3,448.21
Total Current Liabilities	124,538.80	148,324.31
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences Payable	14,836.46	13,792.85
Total Liabilities	139,375.26	162,117.16
Net Assets		
Invested in Capital Assets	1,750,958.51	1,903,139.27
Stabilization Reserve	202,500.90	266,259.00
Unrestricted Net Assets	2,914,679.88	2,038,114.11
Total Net Assets	4,868,139.29	4,207,512.38

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEARS ENDED AUGUST 31, 2010 and 2009

	2010	2009
Operating Revenues		
Sale of Natural Gas	2,303,855.67	2,063,135.99
Tap and Re-connection Fees	7,280.00	10,275.00
Penalties	27,252.14	11,333.56
Other	2,435.00	3,199.14
Total Operating Revenues	2,340,822.81	2,087,943.69
Operating Expenses		
Cost of Natural Gas	1,215,743.91	1,230,552.60
Personnel Services and Employee Benefits	275,361.94	326,567.92
Travel, Education and Training	915.00	934.78
Professional Services	22,160.00	24,432.87
Technical Services	3,912.98	6,666.27
Maintenance and Repairs - Vehicles and Equipment	9,506.99	13,215.06
Maintenance and Repairs - System	17,105.15	18,523.09
Depreciation Expense	170,604.76	116,266.48
Insurance	8,944.00	8,539.00
Communications	8,615.82	8,281.61
Supplies, Hardware and Small Equipment	40,273.35	33,908.70
Gasoline	14,702.34	16,074.17
Utilities	11,552.16	8,804.43
Cost of Gray, Georgia, Franchise	18,507.30	16,914.46
Property Taxes Jones County	11,732.01	11,394.56
Total Operating Expenses	1,829,637.71	1,841,076.00
Operating Income (Loss)	511,185.10	246,867.69
Non-Operating Revenues		
State Grants	112,187.11	0.00
Interest Income	18,830.70	21,271.97
Total Non-Operating Revenues	131,017.81	21,271.97
Change in Net Assets	642,202.91	268,139.66
Net Assets at Beginning of Year	4,207,512.38	3,939,372.72
Prior Period Adjustment	18,424.00	0.00
Net Assets at End of Year	4,868,139.29	4,207,512.38

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Cash Received from Customers	2,325,292.13	2,147,912.45
Cash Payments for Personnel Services	(274,057.42)	(326,937.03)
Cash Payments for Goods and Services	(1,408,115.01)	(1,447,548.04)
Net Cash Provided (Used) by Operating Activities	643,119.70	373,427.38
Cash Flows from Noncapital Financing Activities		
Operating Grant	112,187.11	0.00
Net Cash Provided (Used) by Noncapital Financing Activities	112,187.11	0.00
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	0.00	(399,047.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	0.00	(399,047.00)
Cash Flows from Investing Activities		
Earnings On Investments	18,830.70	21,271.97
(Increase) Decrease in Investments	(16,574.76)	(18,042.10)
Net Cash Flows From Investing Activities	2,255.94	3,229.87
Net Increase (Decrease) in Cash	757,562.75	(22,389.75)
Cash at Beginning of Year	1,708,878.93	1,731,268.68
Cash at End of Year	2,466,441.68	1,708,878.93
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	511,185.10	246,867.69
Adjustments:		
Depreciation	170,604.76	116,266.48
(Increase) Decrease in Assets:		
Accounts / Notes Receivable	(15,530.68)	58,949.14
Prepaid Insurance	0.00	2,843.82
Sales Tax Deposit	(397.58)	509.81
Increase (Decrease) in Liabilities:		
Accounts Payable	(22,636.46)	(48,661.58)
Customer Deposits	(1,409.96)	(2,978.87)
Accrued Liabilities	1,304.52	(369.11)
Net Cash Provided by (Used in) Operating Activities	643,119.70	373,427.38

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

COMPARATIVE STATEMENT OF NET ASSETS

AUGUST 31, 2010 AND 2009

	2010	2009
Assets		
Cash	72,191.72	68,953.55
Notes Receivable	45,797.13	47,804.77
Total Assets	117,988.85	116,758.32
Liabilities		
Accounts Payable	1,250.00	1,250.00
Net Assets		
Restricted for Program Purposes	116,738.85	115,508.32

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Operating Revenues		
Interest and Penalties - Notes Receivable	1,717.55	700.36
Total Operating Revenues	1,717.55	700.36
Operating Expenses		
Professional Services	1,250.00	1,250.00
Supplies	19.19	0.00
Total Operating Expenses	1,269.19	1,250.00
Operating Income (Loss)	448.36	(549.64)
Non-Operating Revenues		
Interest - Bank Account	782.17	1,008.48
Change in Net Assets	1,230.53	458.84
Net Assets at Beginning of Year	115,508.32	115,049.48
Net Assets at End of Year	116,738.85	115,508.32

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF NET ASSETS AS OF JUNE 30, 2010

Assets	
Cash	72,684.90
Notes Receivable, Net of Allowance for Doubtful Accounts	46,222.82
Total Assets	118,907.72
Liabilities	
None	0.00
Net Assets	
Restricted for Program Purposes	118,907.72

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Cash Received from Customers	3,725.19	964.82
Cash Payments for Goods and Services	(1,269.19)	(1,250.00)
Net Cash Provided (Used) by Operating Activities	2,456.00	(285.18)
Cash Flows from Investing Activities		
Earnings On Investments	782.17	1,008.48
Net Cash Flows From Investing Activities	782.17	1,008.48
Net Increase (Decrease) in Cash and Cash Equivalents	3,238.17	723.30
Cash at Beginning of Year	68,953.55	68,230.25
Cash at End of Year	72,191.72	68,953.55
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	448.36	(549.64)
Adjustments:		
(Increase) Decrease in Assets:		
Notes Receivable	2,007.64	264.46
Accrued Interest Receivable	0.00	0.00
Net Cash Provided by (Used in) Operating Activities	2,456.00	(285.18)

Special Reports

DAVID GIDDENS
CERTIFIED PUBLIC ACCOUNTANT
412 WEST MARION STREET
EATONTON, GEORGIA

TELEPHONE (706) 485-5555

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 the City Council
City of Eatonton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eatonton, Georgia, as of and for the year ended August 31, 2010. These collectively comprise the City's basic financial statements. We have issued our report thereon, dated January 6, 2011. Our audit was conducted 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements. However, it was not our purpose to express an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Eatonton's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. We consider the points numbered as 2010-A and 2010-B, in the following Schedule of Findings and Responses, to be material weaknesses. 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. We consider the finding numbered as 2010-C, in the following Schedule of Findings and Responses, to be a significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section. It was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material

weaknesses. Thus, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

The response of City of Eatonton officials, to the findings identified by our audit, is presented in the Schedule of Findings and Responses as "Views of Responsible Officials". These views have not been audited; accordingly, no opinion is expressed on them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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. As providing an opinion on compliance with those provisions was not an objective of our audit, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Additionally, we noted certain matters that we reported to City management in a separate letter dated January 6, 2011.

This report is intended solely for the information and use of the mayor, city council, management, others within the organization, federal awarding agencies and other grantor agencies. It is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

January 6, 2011

City of Eatonton
Schedule of Findings and Responses
For the Year Ended August 31, 2010

Summary of Audit Results

Type of auditor's report issued	unqualified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ___ no
Significant deficiencies, not considered to be material weaknesses, identified?	X yes ___ no
Noncompliance material to financial statements noted?	___ yes X no

Financial Statement Findings and Responses

All of the findings noted in this schedule result, to some degree, from inadequate staff understanding of generally accepted accounting principles or from failure to review and analyze general ledger account balances. Not all of the findings resulted in changed fund balances. None the less, off-setting, yet material, misclassifications of transactions may distort a reader's interpretation of the financial statements.

2010–A Basis of Accounting

Criteria: Basis of accounting determines when transactions are recorded in the financial records. Generally accepted accounting principles require financial statements for governmental activities to be prepared using the modified accrual basis of accounting. Accordingly, revenue is recorded when resources are both measurable and available. This includes those revenues, of a determinable amount, which may be earned or awarded during one fiscal year and collected in the next. Expenditures, under the modified accrual basis, are recognized in the period in which a measurable liability is incurred.

Condition: Transactions of grant activities were recorded on the cash, rather than the modified accrual basis.

Effect: This resulted in understatement of grant revenues and receivables of $93,363 in the General Fund.

Recommendation: Because grant proceeds reimbursed the City for program expenditures, revenue should have been recognized concurrently with expenditures. Accounting staff should carefully note the proper accounting period for revenue and expense transactions, particularly at year end.

Views of Responsible Officials and Planned Corrective Action: We concur with these findings. Comprehensive consideration of the timing of transactions will be implemented.

2010-B Accounting for Capital Assets

Criteria: An implicit assertion of financial statements is that all transactions that should be presented are included. In addition, with the exceptions of land and construction in process, capital assets should be maintained to an established standard or depreciated in a systematic and rational manner.

Condition: Accounting for depreciation was incomplete.

Effect: This finding was previously reported as findings 2009-B-1 and 2008-B-2. No estimate of current depreciation was recorded in the financial statements. Consequently, accumulated depreciation and depreciation expense were understated by $170,604 in the Gas Fund and in business-type activities. For governmental activities, the amount of these omissions was $292,582. Net assets were overstated by the same amounts.

Recommendation: An estimate of depreciation expense should be recorded in the financial statements.

Views of Responsible Officials and Planned Corrective Action: We concur with these findings. A plan for calculating and recording depreciation has been implemented.

2010-C. Expenditure Classifications

Criteria: Expenditures should be recorded in the appropriate fund, function, and account.

Condition: An expenditure was posted to the wrong fund.

Effect: Hotel / Motel Tax Fund expenditures were overstated by $10,000; the fund balance was consequently understated by this amount. Conversely, General Fund expenditures were understated and fund balance was overstated by the same amount.

Recommendation: Expenditures should be posted to the proper fund, function and account.

Views of Responsible Officials and Planned Corrective Action: We concur with these findings. Greater attention will be given to expenditure posting.

DAVID GIDDENS
CERTIFIED PUBLIC ACCOUNTANT
412 WEST MARION STREET
EATONTON, GEORGIA 31024

TELEPHONE (706) 485-5555

Independent Auditor's Report on Special One Percent Sales and Use Tax

Honorable Mayor and Members of the City Council
City of Eatonton, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Eatonton, Georgia for the year ended August 31, 2010. This schedule is the responsibility of City management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1-D and is not intended to be a complete presentation of the City's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Putnam County's resolutions (which specified pro rata allocation to the City) calling for the tax, for the year ended August 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

David Giddens
Certified Public Accountant
Eatonton, Georgia

January 6, 2011

CITY OF EATONTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED

WITH SPECIAL SALES TAX PROCEEDS

FOR THE YEAR ENDED AUGUST 31, 2010

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Roads, Bridges, Sidewalks	1,000,000.00	587,140.97	22,610.48	609,751.45	61%
Road Maintenance Equipment	58,000.00	50,120.63	0.00	50,120.63	86%
Police Vehicles	75,000.00	88,454.95	0.00	88,454.95	100%
Fire Fighting Equipment	400,000.00	393,058.39	0.00	393,058.39	98%
Community Cultural Center	750,000.00	750,000.00	0.00	750,000.00	100%
Water Lines and Meters	200,000.00	200,000.00	0.00	200,000.00	100%
Waste Water Line Improvements	100,000.00	94,000.00	0.00	94,000.00	94%
Totals	2,583,000.00	2,162,774.94	22,610.48	2,185,385.42	