CITY OF EATONTON, GEORGIA

REPORT OF AUDIT

AUGUST 31, 2013

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report iv

Management's Discussion and Analysis (Unaudited) ..... MD&A 1 – MD&A 13

Basic Financial Statements

Government-wide Financial Statements 1
Statement of Net Position 2
Statement of Activities 3

Fund Financial Statements 4
Governmental Funds:
Balance Sheet 5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 6
Statement of Revenues, Expenditures and Changes in Fund Balances 7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – *General Fund and Capital Reserve Fund* 9
Proprietary Funds:
Statement of Net Position 10
Statement of Revenues, Expenses, and Changes in Fund Net Position 11
Statement of Cash Flows 12
Notes to the Basic Financial Statements 13

Supplementary Information
Combining and Individual Fund Statements and Schedules

Governmental Funds 33

Nonmajor Governmental Funds:
Combining Balance Sheet – By Fund Type 34
Combining Statement of Revenues, Expenditures and Changes In Fund Balances By Fund Type 35

General Fund 36
Comparative Balance Sheet 37
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances 38
Schedule of Revenues - Budget and Actual 39
Schedule of Expenditures - Budget and Actual 40

TABLE OF CONTENTS CONTINUED

Special Revenue Funds 44
Major Special Revenue Fund
Capital Reserve Fund
Comparative Balance Sheet 45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 46
Nonmajor Special Revenue Funds
Combining Balance Sheet 47
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 48
Hotel / Motel Tax Fund
Comparative Balance Sheet 49
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 50
Police Condemnation Fund
Comparative Balance Sheet 51
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 52
Youth Services Grant Fund
Comparative Balance Sheet 53
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 54

Capital Projects Funds 55
Major Capital Projects Fund
Special Local Option Sales Tax Fund, #2
Comparative Balance Sheet 56
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 57
Nonmajor Capital Project Funds
Combining Balance Sheet 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 59
Special Local Option Sales Tax Fund, #1
Comparative Balance Sheet 60
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 61
Community Development Block Grant Fund, #7: 11p-x-117-2-5390
Comparative Balance Sheet 62
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance 63
Statement of Source and Status of Funds 64
Statement of Project Costs 65

TABLE OF CONTENTS CONTINUED

Proprietary Funds 66
Major Enterprise Fund
Natural Gas Fund
Comparative Statement of Net Position 67
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position 68
Comparative Statement of Cash Flows 69
Nonmajor Enterprise Fund
Revolving Loan Fund
Comparative Statement of Net Position 70
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position 71
Comparative Statement of Cash Flows 72
Statement of Net Position as of June 30, 2013 73

SPECIAL REPORTS SECTION

Special Reports 74
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 75
Schedule of Financial Statement Findings, Questioned Costs and Responses 77
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 78
Schedule of Expenditures of Federal Awards 80
Notes to the Schedule of Federal Awards 81
Summary Schedule of Prior Audits and Questioned Costs 82
Independent Auditor's Report on Special One Percent Sales and Use Tax 83
Schedule of Projects Constructed with Special Sales Tax Proceeds 84

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, as well as the related notes to the financial statements, of the City of Eatonton, Georgia, as of and for the year ended August 31, 2013. These collectively comprise the City's basic financial statements, as listed in the table of contents. The prior year comparative information has been derived from the City's August 31, 2012 financial statements; in our report dated February 8, 2013, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement. They include assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements, in order to design audit

procedures that are appropriate in the circumstances. These procedures are not performed for the purpose of expressing an opinion on the effectiveness of the internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements, referred to above, present fairly, in all material respects, the respective financial position of the governmental activities; the business-type activities; the discretely presented component unit; each major fund; the aggregate remaining fund information; and the respective budgetary comparison for the General Fund and the Capital Reserve Fund of the City of Eatonton, Georgia, as of August 31, 2013. In addition, the respective changes in financial position and, where applicable, the cash flows thereof, for the year then ended, are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), on the pages immediately following 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 (GASB). GASB considers it 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America. The procedures included posing inquiries to management about the methods of preparing the information. In addition, we compared the information contained in the MD&A, for consistency, with the basic financial statements, with management's responses to our inquiries, and with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eatonton's basic financial statements. In addition to the required elements of the basic financial statements, individual and combining, nonmajor fund financial statements are presented to support additional analysis. The accompanying schedule of expenditures of federal awards is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. This is not a required part of the basic financial statements.

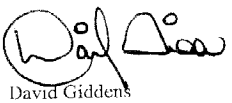
The individual and combining statements and the schedule of expenditures of federal awards are the responsibility of management. They were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Their information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures. These include 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, both the individual and combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014, 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 City of Eatonton's internal control over financial reporting and compliance.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2014

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, 2013. This information should be read and considered in conjunction with the financial statements and their disclosures which follow.

Economic Conditions Affecting the City

An audit report focuses, primarily, on financial issues. Prior to the entry of any transactions into the financial accounting system, the leadership of the city council and the mayor provides the impetus for these transactions. Some of the decisions, accomplishments and challenges of the 2013 fiscal year are highlighted in this discussion. Overall, the multi-year economic downturn has challenged City legislators and administrators to maintain services despite decreased revenues. To do so, reductions to routine expenditures and draw downs of accumulated fund balances have been necessary.

Specifically, these challenges include reductions to sales tax revenues. Overall, sales tax collections have declined as sales throughout the economy contracted. In addition, continuing reductions are anticipated as the City receives a declining share of local option sales tax (LOST) revenues. As required every decade, the City and County have renegotiated allocations of these collections. Consequently, the City's share will decline from 47% to 31% over the next nine years.

For over three decades, the City has been able to roll back the ad valorem property tax rate to zero mills. With the decline in sales tax revenues, ad valorem taxes were levied in order to maintain services. A 100% free port exemption on business inventories was adopted to attract companies to the City. Property tax collections of this levy began in the fall of 2012.

Development has slowed in the sluggish economic environment. Few, if any, new construction permits were issued, and the issuance of occupational tax certificates remained flat. Construction stalled on a new hospice hospital in Eatonton; however, a new group of investors has resumed construction. Current plans call for completion and opening in 2014.

Never-the-less, optimism is fueled with the openings of a new Mexican restaurant and a new barbeque restaurant. Further, the City has applied to the United States Department of Agriculture Rural Economic Development Loan and Grant Program for funding assistance to relocate a high-tech, 3-D company into our local Opportunity Zone. The owner is looking for suitable structures for this company.

To encourage development, the City continues to plan and to work for improved and expanded infrastructure. Specifically:

- With the help of a Community Development Block Grant, work was completed on a storm drainage project. The project included installation of new storm drainage mains, rehabilitation of sewer lines and new fresh water supply lines for about 80 residents on six different streets.
- Construction began on a new hike and bike park. Grant funding from the Georgia Department of Natural Resources will assist with park development.
- Ground was broken on the new City Center parking lot, which will provide ample parking for downtown Eatonton. The Eatonton Downtown Development Authority has obtained a One Georgia Grant for this project. Additional funding is provided by City special local option sales tax (SPLOST) revenues, designated for paving.

- The new natural gas line to Lake Oconee was completed, attracting dozens of new customers. More are expected. This project has been supported significantly with SPLOST proceeds.

Financial Highlights

Despite the challenges noted above, the City maintains financial stability.

- The City's assets exceeded its liabilities by $12,544,569 (net position) at fiscal year end. Total net assets is composed of $6,477,125 for all governmental activities and $6,067,444 for all business-type activities.

- Over the course of this year, total net position increased by $522,913. This increase is the sum of an increase in the business activities net position, $711,719, and a decrease in the governmental activities net position, $188,805.

- Total net position is comprised of the following:

  1. Capital assets of $9,105,071 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. Components of net position, totaling $1,094,575, are restricted by constraints imposed by sources outside the city government. Restrictions on spending these amounts are required by grantors, laws and regulations.

  3. The remaining amount of net position is $2,344,923. This amount is classified as unrestricted. It represents the portion available to maintain the City's ongoing services.

These highlights are examined in more detail in the "financial analysis" section of this document. In addition to the information contained in this report, evaluation of the City's overall financial health extends to other factors such as the stability of the tax base and the condition of infrastructure.

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 Position.* This reports the government-wide financial position, including all of the City's assets and liabilities, with the difference reported as *net position.* 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.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net position 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 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 position. 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 funds combining financial statements. These may be found beginning on page 33. 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, the ***Summary of Net Position***, presents summarized components of net position at the current and previous years' end. From year to year, analyzing changes in net position is a useful starting point for analyzing the changing financial position of the City as a whole. The variables which impact net position are summarized in the ***Summary of Revenues, Expenses and Changes in Net Position***. This table is presented on page MD&A 7. Each schedule presents information for governmental activities and business-type activities. Governmental Activities include the activities of eight governmental funds. Business-type activities represent two funds. The totals for governmental and business-type activities encompass all City operations. In the following pages, greater analysis will be provided for individual funds.

In comparing annual changes on the Summary of Net Position, increases to both assets and liabilities are apparent. Clearly, capital assets comprise the bulk of the City's assets and net position. These increased materially during fiscal year 2013. Increases in current assets stem, primarily, from increases to cash in the SPLOST # 2 Fund and in the Natural Gas Fund.

Concurrently, liabilities increased largely due to over drafted cash in the General Fund. As a result that portion of net position, which is unassigned, decreased. 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 City maintains a comfortable current ratio. The current ratio compares current assets to current liabilities. It is an indication of the ability to pay current obligations. Although down from last year's ratio of 5.9 : 1, the City remains steady with a current ratio for governmental activities of 2.6 : 1. The business-type activities ratio is a healthy 17.3 : 1 (increased from 13.1 : 1 previously).

Changes in net position are generated by various City activities. Total revenues for both governmental and business-type activities increased in 2013. Expenses declined in both cases. Three funds exerting the most influence on the government-wide ***Summary of Revenues, Expenses and Changes in Net Assets*** are the General Fund, the SPLOST # 2 Fund and the Natural Gas Fund. The activity in these funds is discussed in greater detail in following sections of this discussion.

Overall, the program revenues of governmental activities remained steady. Business-type program revenues increased due to a modest increase in natural gas sales. Taxes (governmental general revenues) increased over 2012 collections, yet failed to reach 2011 collections. For the third year, a decrease in expenditures was

Summary of Net Position

	August 31, 2013				August 31, 2012			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Assets:								
Current assets	2,001,904.12	2,102,338.62	4,104,242.74	30.3%	1,857,417.08	1,802,580.89	3,659,997.97	29.2%
Restricted assets	351,237.34	0.00	351,237.34	2.6%	350,963.37	0.00	350,963.37	2.8%
Capital assets, net of accumulated depreciation	4,999,146.71	4,105,924.68	9,105,071.39	67.1%	4,835,631.77	3,708,600.93	8,544,232.70	68.0%
Total assets	7,352,288.17	6,208,263.30	13,560,551.47	100.0%	7,044,012.22	5,511,181.82	12,555,194.04	100.0%
Liabilities:								
Current liabilities	776,972.08	121,714.63	898,686.71	88.4%	313,552.41	137,699.23	451,251.64	84.6%
Long-term liabilities	68,125.18	19,104.28	87,229.46	8.6%	64,529.57	17,756.78	82,286.35	15.4%
Total liabilities	845,097.26	140,818.91	985,916.17	97.0%	378,081.98	155,456.01	533,537.99	100.0%
Deferred inflows of resources	30,066.10	0.00	30,066.10	3.0%	0.00	0.00	0.00	0.0%
Total liabilities and deferred inflows of resources	875,163.36	140,818.91	1,015,982.27	100.0%	378,081.98	155,456.01	533,537.99	100.0%
Net position:								
Invested in capital assets	4,999,146.71	4,105,924.68	9,105,071.39	72.6%	4,835,631.77	3,708,600.93	8,544,232.70	71.1%
Restricted	999,200.79	95,373.73	1,094,574.52	8.7%	726,785.39	95,229.16	822,014.55	9.8%
Unassigned	478,777.31	1,866,145.98	2,344,923.29	18.7%	1,103,513.08	1,551,895.72	2,655,408.80	19.1%
Total net position	6,477,124.81	6,067,444.39	12,544,569.20	100.0%	6,665,930.24	5,355,725.81	12,021,656.05	100.0%

Summary of Revenues, Expenses and Changes in Net Position

	For the year ended August 31, 2013				For the year ended August 31, 2012			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Revenues								
Program:								
Charges for services	500,533.09	1,614,701.79	2,115,234.88	33.19%	527,494.95	1,464,670.50	1,992,165.45	32.29%
Operating grants	143,982.41	0.00	143,982.41	2.26%	198,662.22	0.00	198,662.22	3.22%
Capital grants	1,261,630.48	0.00	1,261,630.48	19.80%	1,175,233.62	0.00	1,175,233.62	19.05%
General:								
Taxes	2,821,366.67	0.00	2,821,366.67	44.27%	2,765,756.59	0.00	2,765,756.59	44.84%
Other	20,762.46	9,955.33	30,717.79	0.48%	20,475.45	16,400.37	36,875.82	0.60%
Total Revenues	4,748,275.11	1,624,657.12	6,372,932.23	100.00%	4,687,622.83	1,481,070.87	6,168,693.70	100.00%
Program Expenses								
General government	804,147.09	0.00	804,147.09	13.75%	869,548.81	0.00	869,548.81	14.54%
Judicial	18,140.21	0.00	18,140.21	0.31%	17,574.79	0.00	17,574.79	0.29%
Public safety	1,889,043.99	0.00	1,889,043.99	32.29%	1,918,631.48	0.00	1,918,631.48	32.09%
Public works	1,374,332.63	0.00	1,374,332.63	23.49%	1,376,500.46	0.00	1,376,500.46	23.02%
Culture and recreation	217,730.94	0.00	217,730.94	3.72%	193,689.67	0.00	193,689.67	3.24%
Housing and development	158,897.93	0.00	158,897.93	2.72%	204,554.20	0.00	204,554.20	3.42%
Natural gas service	0.00	1,386,476.29	1,386,476.29	23.70%	0.00	1,397,800.92	1,397,800.92	23.38%
Employment incentive financing	0.00	1,250.00	1,250.00	0.02%	0.00	1,250.00	1,250.00	0.02%
Total Expenses	4,462,292.79	1,387,726.29	5,850,019.08	100.00%	4,580,499.41	1,399,050.92	5,979,550.33	100.00%
Excess revenues over expenses	285,982.32	236,930.83	522,913.15		107,123.42	82,019.95	189,143.37	
Transfer	(474,787.75)	474,787.75	0.00		0.00	0.00	0.00	
Change in Net Position	(188,805.43)	711,718.58	522,913.15		107,123.42	82,019.95	189,143.37	
Net Position at Beginning of Year	6,665,930.24	5,355,725.81	12,021,656.05		6,560,556.82	5,273,705.86	11,834,262.68	
Prior Period Adjustment	0.00	0.00	0.00		(1,750.00)	0.00	(1,750.00)	
Net Position at End of Year	6,477,124.81	6,067,444.39	12,544,569.20		6,665,930.24	5,355,725.81	12,021,656.05	

achieved. As in previous years, expenditures were greatest for the functions of public safety, natural gas delivery and public works.

Financial Analysis of Individual City Funds

The greatest influence which can be exercised by elected officials and 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

During fiscal year 2013, the City's governmental funds included the General Fund, four special revenue funds and three capital projects 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.

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 36.

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

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	4,400,187.00	4,314,299.00	3,452,055.44	(862,243.56)	3,496,591.55
Total Expenditures	4,410,187.00	4,324,299.00	4,078,718.36	(245,580.64)	4,170,621.17
Excess (Deficiency) of Revenues	(10,000.00)	(10,000.00)	(626,662.92)	(616,662.92)	(674,029.62)
Operating Transfers In (Out)	10,000.00	10,000.00	0.00	(10,000.00)	(7,658.83)
Net Change in Fund Balance	0.00	0.00	(626,662.92)	(626,662.92)	(681,688.45)
Fund Balance at Beginning of Year			681,233.32		1,362,921.77
Fund Balance at End of Year			54,570.40		681,233.32

Fiscal year 2013 marks the fifth year of decreased General Fund revenues. 2013 total annual revenues are $692,910 lower than the total annual revenues of 2008. Since that time steady annual declines have eroded the fund balance. The greatest declines were in tax collections. To offset decreased sales taxes, property taxes were levied in 2012, for the first time in over two decades.

In response, expenditures were reduced for the third consecutive year. 2013 was typical in that the greatest portion of General Fund expenditures supports public safety (45%) and public works (28%). During the year, recognition of decreased revenues spurred budget reductions. 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 may be 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.

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

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	0.00	0.00	8,466.47	8,466.47	12,437.97
Total Expenditures	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	8,466.47	8,466.47	12,437.97
Fund Balance At Beginning of Year			995,137.20		982,699.23
Fund Balance At End of Year			1,003,603.67		995,137.20

In recent years, as the Capital Reserve Fund's certificates of deposit matured, they renewed at lower interest rates. Thus, revenues have declined for several years. As compared to the prior year, revenues decreased by 32%, following decreases of 28% in 2012, and 40% in fiscal 2011. Consequently, no expenditures were budgeted or made from this fund. The Capital Reserve Fund Financial Statements may be found beginning on page 45.

Nonmajor Special Revenue Funds – These funds serve citizenry in very specific ways. 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, $32,485 comprise just 2% of total governmental fund balances. Combining and individual fund financial statements begin on page 47.

- 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, 100% of expenditures were directed toward promoting tourism during fiscal year 2013. Financial statements of the Hotel / Motel Tax Fund begin on page 49.

- 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 51.

- The **Youth Services Grant Fund** serves to account for grant proceeds which are designated, to support youth and families. During 2013 a federal Emergency Food and Shelter Grant was accounted for in this fund. The Youth Services Grant Fund financial statements begin on page 53.

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 appear 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. Of these three funds, only the Special Purpose Local Option Sales Tax (SPLOST) #2 Fund is a major fund.

Special Purpose Local Option Sales Tax Funds – Each SPLOST Fund, #1 and #2, is used to account for special purpose local option sales taxes which are collected as a result of voter approved, county resolutions. Proceeds are shared with the City for municipal projects, as specified in separate intergovernmental agreements. Consequently, expenditures are made in accordance with the respective agreement, and the fund balance is reserved for specified projects. In addition to the fund financial statements, a schedule of projects constructed with special sales tax proceeds may be found on page 84, and summary information may be found in the notes to the financial statements, note 3-I.

SPLOST #1 Fund - 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. They were fully expended in 2013. Financial statements for the SPLOST # 1 Fund may be found beginning on page 60.

SPLOST #2 Fund, major fund - The City first received proceeds of this tax in January 2012. Tax collections are authorized for five years, and the City may receive up to $6,000,000. In accordance with the referendum, the proceeds of the current tax are to be expended for:

- construction of roads, bridges, culverts and sidewalks
- a downtown parking lot
- police cars and fire department tanker truck
- heavy equipment for road work
- sewer repairs
- shop roof replacement and renovations of water works building
- extension of natural gas lines
- park development

Accordingly, during fiscal year 2013, SPLOST Fund # 2 proceeds were used to:

- support local road improvement and drainage projects;
- extend the natural gas services to a large customer base at Lake Oconee;
- purchase heavy duty, public works equipment;
- purchase five, used police cars;
- assist with construction of downtown parking spaces.

Financial statements for the SPLOST # 2 Fund may be found beginning on page 56.

Community Development Block Grant Fund #7 – CDBG funds are used to account for the proceeds of federal grants. Typically, grant proceeds are drawn down to pay for project costs as the work progresses. Draw downs are paid out almost immediately. Thus, revenues and expenditures are roughly equal, and fund balance is minimal. This award, was used to augment costs of a streets and drainage improvement project. Construction was completed during this year. Financial statements for the CDBG #7 Fund may be found beginning on page 62.

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.

The **Natural Gas Fund** – is used to account for the provision of natural gas services. Financial statements may be found beginning on page 67. A summary of Natural Gas Fund activity and changes in net position is presented as follows.

Natural Gas Fund Summary of Activity and Changes in Net Position

	2013	2012
Operating Revenues	1,616,328.05	1,468,780.57
Operating Expenses	1,386,476.29	1,397,800.92
Operating Income (Loss)	229,851.76	70,979.65
Non-operating Revenues (Expenses)	6,934.50	10,600.54
Transfer from SPLOST # 2 Fund	474,787.75	0.00
Change in Net Position	711,574.01	81,580.19
Net Position at Beginning of Year	5,260,496.65	5,178,916.46
Net Position at End of Year	5,972,070.66	5,260,496.65

As is typical, natural gas sales generated over 97% of 2013 Gas Fund operating revenues. Because gas usage is largely determined by residential and commercial heating needs, sales fluctuate with the weather. Although mild, the 2012 - 2013 winter was cooler than the previous year. As a result, gas sales increased by a modest 1%, generating an increase in net income.

Two years of infrastructure construction culminated in 2013. A major gas line extension now delivers service to businesses and residences in the Lake Oconee area. With assistance from SPLOST proceeds, this project was funded without taking on debt. Construction costs paid by the SPLOST # 2 Fund were transferred as an inflow of resources, to the Gas Fund, when the asset was put into service. This further increased the Gas Fund net position.

A stabilization funds policy designates 10% of total budgeted operating expenses for stabilization. Thus, $204,370 of net assets is committed at the fund reporting level.

The **Revolving Loan Fund** – is used to account for monies provided through a Community Development Block Grant Employment Incentive Program. The program provides funding to finance low interest loans to local businesses and industries. It 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 70. In addition, details on loan activity may be found in the notes to the financial statements, note 4-H.

During fiscal year 2013 and as of the date of this report, the fund's only outstanding loan remained delinquent. 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	
	8/31/2013	8/31/2012	8/31/2013	8/31/2012	8/31/2013	8/31/2012
Total non-depreciable assets	370,261.10	1,512,887.60	71,581.02	2,238,686.28	441,842.12	3,751,573.88
Total depreciable assets	7,494,388.02	5,928,457.35	6,518,207.76	4,053,146.85	14,012,595.78	9,981,604.20
Less accumulated depreciation	2,865,502.41	2,605,713.18	2,483,864.10	2,583,232.20	5,349,366.51	5,188,945.38
Book value - depreciable assets	4,628,885.61	3,322,744.17	4,034,343.66	1,469,914.65	8,663,229.27	4,792,658.82
Percentage depreciated	38.2%	44.0%	38.1%	63.7%	38.2%	52.0%
Book value assets	4,999,146.71	4,835,631.77	4,105,924.68	3,708,600.93	9,105,071.39	8,544,232.70

Over 72% of the City's total net position is composed of capital assets. These assets include land, improvements, buildings, furniture, fixtures, machinery, equipment, roads, bridges, sidewalks and natural gas delivery infrastructure. General infrastructure assets include roads and bridges acquired after September 1, 2003.

Both governmental and business-type activities show significant decreases in non-depreciable assets and offsetting increases in depreciable assets. This occurred as projects previously under construction were placed in service. The book value of all capital assets increased by 6%.

In governmental activities, two road and drainage projects were completed. These projects were funded with two community development block grants and with SPLOST proceeds. SPLOST funds were also used to purchase public safety and public works equipment.

Business capital assets are entirely the assets of the Natural Gas Fund. During fiscal year 2013, construction was completed on a major line extension. Natural gas service is now available for residences and businesses in the Lake Oconee community. For unrelated reasons, accumulated depreciation declined. This occurred because fully depreciated, obsolete equipment was written off.

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 POSITION

AUGUST 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Cash	520,274.09	1,286,217.58	1,806,491.67	24,389.34
Receivables:				
Accounts, Net of Allowance for Doubtful Accounts	16,384.42	26,522.29	42,906.71	0.00
Taxes	58,361.79	0.00	58,361.79	0.00
Note	0.00	21,489.10	21,489.10	0.00
Intergovernmental	204,383.82	0.00	204,383.82	0.00
Time Certificates of Deposit	1,202,500.00	768,109.65	1,970,609.65	0.00
Restricted Assets	351,237.34	0.00	351,237.34	0.00
Capital Assets:				
Nondepreciable Capital Assets	370,261.10	71,581.02	441,842.12	276,060.64
Depreciable Capital Assets, Net Accumulated Depreciation	4,628,885.61	4,034,343.66	8,663,229.27	0.00
Total Assets	7,352,288.17	6,208,263.30	13,560,551.47	300,449.98
Liabilities				
Current Liabilities:				
Cash Overdraft	548,035.72	0.00	548,035.72	0.00
Accounts Payable	148,773.15	17,371.17	166,144.32	0.00
Accrued Wages	21,427.82	0.00	21,427.82	0.00
Deposits	41,704.09	99,567.39	141,271.48	0.00
Current Portion of Compensated Absences Payable	17,031.30	4,776.07	21,807.37	0.00
Long-Term Liabilities, Net of Current Portion:				
Compensated Absences Payable	68,125.18	19,104.28	87,229.46	0.00
Total Liabilities	845,097.26	140,818.91	985,916.17	0.00
Deferred Inflow of Property Taxes	30,066.10	0.00	30,066.10	0.00
Total Liabilities and Deferred Inflows of Resources	875,163.36	140,818.91	1,015,982.27	0.00
Net Position				
Invested in Capital Assets	4,999,146.71	4,105,924.68	9,105,071.39	276,060.64
Restricted for Capital Outlay	472,475.63	0.00	472,475.63	0.00
Restricted for Emergencies	500,000.00	0.00	500,000.00	0.00
Restricted for Program Purposes	26,725.16	95,373.73	122,098.89	0.00
Unrestricted	478,777.31	1,866,145.98	2,344,923.29	24,389.34
Total Net Position	6,477,124.81	6,067,444.39	12,544,569.20	300,449.98

The accompanying Notes are an integral part of this statement

CITY OF EATONTON, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Function / Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Governmental Activities:								
General Government	804,147.09	6,097.45	0.00	0.00	(798,049.64)	0.00	(798,049.64)	0.00
Judicial	18,140.21	0.00	0.00	0.00	(18,140.21)	0.00	(18,140.21)	0.00
Public Safety	1,889,043.99	189,358.09	55,387.90	38,325.00	(1,605,973.00)	0.00	(1,605,973.00)	0.00
Public Works	1,374,332.83	207,395.65	80,202.57	1,223,305.48	136,571.01	0.00	136,571.01	0.00
Health and Welfare	0.00	0.00	8,392.00	0.00	8,392.00	0.00	8,392.00	0.00
Culture and Recreation	217,730.94	14,501.00	0.00	0.00	(203,229.94)	0.00	(203,229.94)	0.00
Housing and Development	158,897.93	83,180.90	0.00	0.00	(75,717.03)	0.00	(75,717.03)	0.00
Total Governmental Activities	4,462,292.79	500,533.09	143,982.47	1,261,630.48	(2,556,146.81)	0.00	(2,556,146.81)	0.00
Business-Type Activities:								
Natural Gas Service	1,386,476.29	1,613,671.53	0.00	0.00	0.00	227,195.24	227,195.24	0.00
Employment Incentive Financing	1,250.00	1,030.26	0.00	0.00	0.00	(219.74)	(219.74)	0.00
Total Business-Type Activities	1,387,726.29	1,614,701.79	0.00	0.00	0.00	226,975.50	226,975.50	0.00
Total Activities	5,850,019.08	2,115,234.88	143,982.41	1,261,630.48	(2,556,146.81)	226,975.50	(2,329,171.31)	0.00
Component Unit	51,764.62	0.00	97,380.00	0.00	0.00	0.00	0.00	45,615.38
General Revenues								
Sales Taxes					1,268,825.80	0.00	1,268,825.80	0.00
Property Taxes					606,247.44	0.00	606,247.44	0.00
Other Taxes					946,293.43	0.00	946,293.43	0.00
Interest Earnings					20,762.46	7,298.81	28,061.27	0.00
Other					0.00	2,656.52	2,656.52	0.00
Total General Revenues					2,842,129.13	9,955.33	2,852,084.46	0.00
Transfer					(474,787.75)	474,787.75	0.00	0.00
Total General Revenues and Transfer					2,367,341.38	484,743.08	2,852,084.46	0.00
Change in Net Position					(188,805.43)	711,718.58	522,913.15	45,615.38
Net Position at Beginning of Year					6,665,930.24	5,355,725.81	12,021,656.05	254,834.60
Net Position at End of Year					6,477,124.81	6,067,444.39	12,544,569.20	300,449.98

The accompanying Notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

BALANCE SHEET

AUGUST 31, 2013

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax #2 Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Current Assets:					
Cash	0.00	16,103.67	472,475.63	31,694.79	520,274.09
Receivables:					
Accounts, Net of Allowance for Doubtful Accounts	16,384.42	0.00	0.00	0.00	16,384.42
Taxes, Net of Allowance for Doubtful Accounts	57,571.70	0.00	0.00	790.09	58,361.79
Intergovernmental	204,383.82	0.00	0.00	0.00	204,383.82
Time Certificates of Deposit	215,000.00	987,500.00	0.00	0.00	1,202,500.00
Restricted Assets:					
Time Certificates of Deposit	351,237.34	0.00	0.00	0.00	351,237.34
Total Assets	844,577.28	1,003,603.67	472,475.63	32,484.88	2,353,141.46
Liabilities and Fund Balances					
Liabilities:					
Cash Overdraft	548,035.72	0.00	0.00	0.00	548,035.72
Accounts Payable	148,773.15	0.00	0.00	0.00	148,773.15
Accrued Wages	21,427.82	0.00	0.00	0.00	21,427.82
Deposit	41,704.09	0.00	0.00	0.00	41,704.09
Total Liabilities	759,940.78	0.00	0.00	0.00	759,940.78
Deferred Inflow of Property Taxes	30,066.10	0.00	0.00	0.00	30,066.10
Total Liabilities and Deferred Inflows of Resources	790,006.88	0.00	0.00	0.00	790,006.88
Fund Balance:					
Restricted	0.00	500,000.00	472,475.63	26,725.16	999,200.79
Committed	351,237.34	503,603.67	0.00	0.00	854,841.01
Assigned	0.00	0.00	0.00	5,759.72	5,759.72
Unassigned	(296,666.94)	0.00	0.00	0.00	(296,666.94)
Total Fund Balance	54,570.40	1,003,603.67	472,475.63	32,484.88	1,563,134.58
Total Liabilities and Fund Balance	844,577.28	1,003,603.67	472,475.63	32,484.88	2,353,141.46

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

AUGUST 31, 2013

Total Governmental Fund Balances		1,563,134.58
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	7,864,649.12	
Less accumulated depreciation	(2,865,502.41)	4,999,146.71
Compensated absences are not due and payable in the current period and therefore are not reported in the funds:		(85,156.48)
Net Position of Governmental Activities		6,477,124.81

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, 2013

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax #2 Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	2,814,562.09	0.00	0.00	9,455.20	2,824,017.29
Licenses and Permits	80,966.50	0.00	0.00	0.00	80,966.50
Intergovernmental	141,297.41	0.00	816,924.97	447,390.51	1,405,612.89
Charges for Services	227,994.10	0.00	0.00	0.00	227,994.10
Fines and Forfeitures	169,218.16	0.00	0.00	10,458.85	179,677.01
Other	18,017.18	8,466.47	1,732.00	141.67	28,357.32
Total Revenues	3,452,055.44	8,466.47	818,656.97	467,446.23	4,746,625.11
Expenditures					
Current:					
General Government	759,558.74	0.00	0.00	0.00	759,558.74
Judicial	18,140.21	0.00	0.00	0.00	18,140.21
Public Safety	1,848,152.32	0.00	0.00	8,999.92	1,857,152.24
Public Works	1,155,041.10	0.00	0.00	446,055.51	1,601,096.91
Culture and Recreation	152,557.89	0.00	0.00	0.00	152,557.89
Housing and Development	145,267.80	0.00	0.00	14,358.26	159,626.06
Capital Outlay	0.00	0.00	546,305.07	13.84	546,318.91
Total Expenditures	4,078,718.36	0.00	546,305.07	469,427.53	5,094,450.96
Net Change in Fund Balance	(626,662.92)	8,466.47	272,351.90	(1,981.30)	(347,825.85)
Fund Balance at Beginning of Year	681,233.32	995,137.20	200,123.73	34,466.18	1,910,960.43
Fund Balance at End of Year	54,570.40	1,003,603.67	472,475.63	32,484.88	1,563,134.58

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, 2013

Net Changes In Fund Balances - Total Governmental Funds			(347,825.85)
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	(264,529.73)	
	Cost of capital assets acquired	428,044.67	163,514.94
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 8/31/12	80,661.96	
	Liability at 8/31/13	(85,156.48)	(4,494.52)
Change in Net Position of Governmental Activities			(188,805.43)

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, 2013

	General Fund				Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues								
Taxes	3,733,286.00	3,647,398.00	2,814,562.09	(832,835.91)	0.00	0.00	0.00	0.00
Licenses and Permits	75,000.00	75,000.00	80,966.50	5,966.50	0.00	0.00	0.00	0.00
Intergovernmental Revenues	75,000.00	75,000.00	141,297.41	66,297.41	0.00	0.00	0.00	0.00
Charges for Services	244,901.00	244,901.00	227,994.10	(16,906.90)	0.00	0.00	0.00	0.00
Fines and Forfeitures	250,000.00	250,000.00	169,218.16	(80,781.84)	0.00	0.00	0.00	0.00
Other	22,000.00	22,000.00	18,017.18	(3,982.82)	0.00	0.00	8,466.47	8,466.47
Total Revenues	4,400,187.00	4,314,299.00	3,452,055.44	(862,243.56)	0.00	0.00	8,466.47	8,466.47
Expenditures								
General Government	907,130.00	857,130.00	759,558.74	(97,571.26)	0.00	0.00	0.00	0.00
Judicial	18,800.00	18,800.00	18,140.21	(659.79)	0.00	0.00	0.00	0.00
Public Safety	1,952,402.00	1,946,502.00	1,848,152.32	(98,349.68)	0.00	0.00	0.00	0.00
Public Works	1,241,715.00	1,197,715.00	1,155,041.40	(42,673.60)	0.00	0.00	0.00	0.00
Health and Welfare	4,341.00	3,841.00	0.00	(3,841.00)	0.00	0.00	0.00	0.00
Culture and Recreation	138,638.00	154,394.00	152,557.89	(1,836.11)	0.00	0.00	0.00	0.00
Housing and Development	147,161.00	145,917.00	145,267.80	(649.20)	0.00	0.00	0.00	0.00
Total Expenditures	4,410,187.00	4,324,299.00	4,078,718.36	(245,580.64)	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures	(10,000.00)	(10,000.00)	(626,662.92)	(616,662.92)	0.00	0.00	8,466.47	8,466.47
Other Financing Sources (Uses)								
Transfers In	10,000.00	10,000.00	0.00	(10,000.00)	0.00	0.00	0.00	0.00
Net Other Financing Sources	10,000.00	10,000.00	0.00	(10,000.00)	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(626,662.92)	(626,662.92)	0.00	0.00	8,466.47	8,466.47
Fund Balance at Beginning of Year			681,233.32				995,137.20	
Fund Balance at End of Year			54,570.40				1,003,603.67	

The accompanying notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

AUGUST 31, 2013

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Assets			
Current Assets			
Cash	1,211,082.95	75,134.63	1,286,217.58
Time Certificates of Deposit	390,208.93	0.00	390,208.93
Accounts Receivable, Net of Allowance for Doubtful Accounts	26,522.29	0.00	26,522.29
Sales Tax Deposit	0.00	0.00	0.00
Note Receivable	0.00	21,489.10	21,489.10
Time Certificates of Deposit, Customer Deposits	377,900.72	0.00	377,900.72
Total Current Assets	2,005,714.89	96,623.73	2,102,338.62
Noncurrent Assets			
Capital Assets:			
Nondepreciable	71,581.02	0.00	71,581.02
Depreciable, Net Accumulated Depreciation	4,034,343.66	0.00	4,034,343.66
Total Noncurrent Assets	4,105,924.68	0.00	4,105,924.68
Total Assets	6,111,639.57	96,623.73	6,208,263.30
Liabilities			
Current Liabilities			
Accounts Payable	16,121.17	1,250.00	17,371.17
Customer Deposits	99,567.39	0.00	99,567.39
Current Portion of Compensated Absences Payable	4,776.07	0.00	4,776.07
Total Current Liabilities	120,484.63	1,250.00	121,714.63
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	19,104.28	0.00	19,104.28
Total Liabilities	139,588.91	1,250.00	140,818.91
Net Position			
Investment in Capital Assets	4,105,924.68	0.00	4,105,924.68
Restricted for Program Purposes	0.00	95,373.73	95,373.73
Unrestricted	1,866,145.98	0.00	1,866,145.98
Total Net Position	5,972,070.66	95,373.73	6,067,444.39

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED AUGUST 31, 2013

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Operating Revenues			
Charges for Sales and Services	1,613,671.53	1,030.26	1,614,701.79
Miscellaneous	2,656.52	0.00	2,656.52
Total Operating Revenues	1,616,328.05	1,030.26	1,617,358.31
Operating Expenses			
Cost of Natural Gas	729,083.85	0.00	729,083.85
Personnel Services and Employee Benefits	346,565.34	0.00	346,565.34
Travel, Education and Training	2,922.23	0.00	2,922.23
Professional Services	35,583.30	1,250.00	36,833.30
Technical Services	0.00	0.00	0.00
Maintenance and Repairs - Vehicles and Equipment	68,193.92	0.00	68,193.92
Depreciation Expense	80,247.66	0.00	80,247.66
Insurance	8,976.18	0.00	8,976.18
Communications	24,867.47	0.00	24,867.47
Supplies, Hardware and Small Equipment	34,063.22	0.00	34,063.22
Gasoline	22,580.49	0.00	22,580.49
Utilities	8,190.53	0.00	8,190.53
Taxes	25,202.10	0.00	25,202.10
Total Operating Expenses	1,386,476.29	1,250.00	1,387,726.29
Operating Income (Loss)	229,851.76	(219.74)	229,632.02
Non-Operating Revenues (Expenses)			
Interest Income	6,934.50	364.31	7,298.81
Net Income Before Transfers	236,786.26	144.57	236,930.83
Transfer from SPLOST # 2 Fund	474,787.75	0.00	474,787.75
Change in Net Position	711,574.01	144.57	711,718.58
Net Position at Beginning of Year	5,260,496.65	95,229.16	5,355,725.81
Net Position at End of Year	5,972,070.66	95,373.73	6,067,444.39

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, 2013

	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	1,608,596.66	0.00	1,608,596.66
Cash Payments for Personnel Services	(344,880.96)	0.00	(344,880.96)
Cash Payments for Goods and Services	(972,551.38)	(2,500.00)	(975,051.38)
Net Cash Provided (Used) by Operating Activities	291,164.32	(2,500.00)	288,664.32
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(2,783.66)	0.00	(2,783.66)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,783.66)	0.00	(2,783.66)
Cash Flows from Investing Activities			
Earnings On Investments	6,934.50	364.31	7,298.81
(Increase) Decrease in Investments	(6,249.53)	0.00	(6,249.53)
Net Cash Flows From Investing Activities	684.97	364.31	1,049.28
Net Increase (Decrease) in Cash	289,065.63	(2,135.69)	286,929.94
Cash at Beginning of Year	922,017.32	77,270.32	999,287.64
Cash at End of Year	1,211,082.95	75,134.63	1,286,217.58
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	229,851.76	(219.74)	229,632.02
Adjustments:			
Depreciation	80,247.66	0.00	80,247.66
(Increase) Decrease in Assets:			
Accounts / Notes Receivable	(7,984.55)	(1,030.26)	(9,014.81)
Sales Tax Deposit	2,436.55	0.00	2,436.55
Increase (Decrease) in Liabilities:			
Accounts Payable	(15,324.64)	(1,250.00)	(16,574.64)
Customer Deposits	253.16	0.00	253.16
Accrued Liabilities	1,684.38	0.00	1,684.38
Net Cash Provided by (Used in) Operating Activities	291,164.32	(2,500.00)	288,664.32

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Noncash Capital and Related Financing Activities:			
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	474,787.75	0.00	474,787.75

The accompanying Notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Index

Summary of Significant Accounting Policies 1
Reporting Entity 1-A
Basis of Presentation 1-B
Measurement Focus 1-C
Basis of Accounting 1-D
Assets, Liabilities and Fund Equity 1-E
Cash, Cash Equivalents and Investments 1-E-1
Receivables 1-E-2
Interfund Balances 1-E-3
Prepaid Items 1-E-4
Consumable Inventories 1-E-5
Restricted Assets 1-E-6
Capital Assets 1-E-7
Compensated Absences 1-E-8
Accrued Liabilities and Long-term Obligations 1-E-9
Fund Equity 1-E-10
Operating Revenues and Expenses 1-E-11
Contributions of Capital 1-E-12
Interfund Activity 1-F
Estimates 1-G

Stewardship, Compliance and Accountability 2
Budgetary Information 2-A
Excess of Expenditures over Appropriations 2-B

Detailed Notes on All Funds 3
Deposits and Investments 3-A
Receivables 3-B
Capital Assets 3-C
Interfund Balances and Transfers 3-D
Long-Term Debt 3-E
Defined Benefit Pension Plan 3-F
Post Employment Benefits 3-G
Equity 3-H
Government-wide Net Position 3-H-1
Fund Balance Components 3-H-2
Special Purpose Local Option Sales Tax 3-I

Other Notes 4
Risk Management 4-A
Contingent Liabilities 4-B
Applicability of the Single Audit Act 4-C
Property Taxes and Local Option Sales Tax 4-D
Component Unit 4-E
Related Organizations 4-F
Joint Ventures 4-G
Notes Receivable – Revolving Loan Fund 4-H
Hotel - Motel Lodging Tax 4-I

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.

The City of Eatonton has one outside component unit: the Eatonton Downtown Development Authority (DDA). Downtown Development Authorities were created in and for each municipal corporation in Georgia through state legislation. Eatonton's DDA was activated by resolution of the City Council. Within this report, financial information for the DDA is presented discreetly, along side the City's financial information. In accordance with Georgia law, the Eatonton DDA is organized for the redevelopment of the downtown development area, as defined by the City of Eatonton. The seven member board of directors is the policy making body and may exercise all the powers and authority granted by law. Separate financial statements may be obtained from Eatonton Downtown Development Authority, Post Office Box 4384, Eatonton, GA 31024.

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 position 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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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,*** a special revenue fund, was formed for capital preservation and to provide a buffer against emergencies. Restricted and committed funds are invested in bank certificates of deposits. The interest generated by these investments provides operating revenues.

Note 1 – Summary of Significant Accounting Policies (continued)

Expenditures are limited, by ordinance, for emergencies, grants to non-profit organizations, cemetery care and for other operations of city government.

- ***The Special Local Option Sales Tax Fund #2,*** a capital projects fund, accounts for the City's portion of collections of County sales tax, according to the terms of the intergovernmental agreement between the City and the County. Proceeds are expended according to the terms of the referendum which authorized the tax.

- ***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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's natural gas system.

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 position*. 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 reconciliations to the government-wide statements. The reconciliations include brief explanations of the differences between the two formats.

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 position. The statements of revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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

Note 1 - Summary of Significant Accounting Policies (continued)

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.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: sales taxes and property taxes.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 position, 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

When applicable, payments made to vendors for services that will benefit periods beyond the fiscal year end, 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 denoted as nonspendable, because this amount is not available for general appropriation.

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 position 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 position and in the enterprise funds' statement of net position.

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 with the exceptions of land, construction in progress and state highway rights of way. Improvements are depreciated over the remaining useful lives of the related capital assets.

Note 1 – Summary of Significant Accounting Policies (continued)

Depreciation is computed using the straight-line method. Useful lives are determined in accordance with the following schedule.

	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.

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 these funds.

1-E-10 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." This applies to individual and combining governmental financial statements, as well. Fund equity for all other reporting is classified as "net position."

Governmental Funds ***Fund Balance*** – Generally, fund balance represents the difference between the current assets and current liabilities. In the governmental fund financial statements, this balance is classified according to constraints regarding the specific purposes for which the fund balance may be spent. The classifications are presented in a hierarchy, which is based primarily on the extent to which the City is bound to observe the constraints imposed upon the use of resources. The City presents the following fund balance classifications.

- *Nonspendable* – This describes fund balance amounts which cannot be spent because (1) they are non-cash assets, or (2) because they are legally or contractually required to be maintained intact.

Note 1 – Summary of Significant Accounting Policies (continued)

- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either by (1) enabling legislation adopted by the City, or by (2) external restrictions imposed by creditors and grantors, or by the laws or regulations of other governments.
- *Committed* When, as the result of a vote by the City Council (the government's highest level of decision making authority), monies may be used only for specific purposes, the fund balance is committed. Only a council vote may subsequently modify or rescind the commitment.
- *Assigned* – Through resolution, the City Council may authorize management or the finance committee to constrain balances for specific purposes. Such amounts are neither restricted nor committed; they are assigned.
- *Unassigned* - Residual amounts, which do not meet any of the above criteria, are reported as unassigned. Due to the nature of governmental funds, the City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

The components of all fund balances are detailed in Note 3-II-2.

Flow Assumptions - The City applies restricted resources first, when an expenditure or expense is incurred for purposes for which both restricted and unrestricted fund balance or net position are available. Further, when an expenditure is incurred for purposes of unrestricted, constrained fund balance, the City uses fund balance in the following order: (1) committed, (2) assigned, (3) unassigned.

Proprietary Funds ***Net Position*** - Net position represents the difference between assets and liabilities. Net position is reported as restricted for the amount so designated by action of the City Council. Any remaining amount of net position is reported as unrestricted.

Net investment in capital assets, consists of capital assets, less accumulated depreciation, further reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. When applicable, net position is adjusted by any bond issuance deferral amounts. Because there is no debt for the City's capital assets, this portion of net position is reported as investment in capital assets.

Stabilization commitments are based on budgeted expenditures for the Natural Gas Fund. This amount was $204,369.50 at August 31, 2013. This commitment may be revised by action of the City Council.

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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Expenditures exceeded appropriations in the Youth Services Grant Fund. This occurred as the result of the failure to adopt a budget for an award of $2,685. This failure was an oversight; it is not expected or intended to reoccur.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

The City does not have a policy regarding management of 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, 2013, all City deposits were entirely insured or collateralized with securities held by the City or by its agent in the City's name. This is true of the component unit as well.

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, 2013 are in the form of bank certificates of deposit. Certificates with maturity periods greater than 90 days are classified as investments.

At August 31, 2013, 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, 2013, consisted of taxes, accounts, notes and intergovernmental receivables arising from hotel/motel tax collections, property tax collections, sales tax collections, utility service accounts, notes receivable and intergovernmental 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, collectability.

3-C. Capital Assets

Capital asset activity for the year ended August 31, 2013 is presented in the tables on the following pages.

Note 3 – Detailed Notes on All Funds (continued)

City of Eatonton
Changes in Governmental Capital Assets

Governmental activities:	8/31/2012	Additions	Deductions	8/31/2013
Capital assets not being depreciated:				
Land	267,545.90	0.00	0.00	267,545.90
Construction in progress	1,245,341.70	33,273.00	(1,175,899.50)	102,715.20
Total non-depreciable capital assets	1,512,887.60	33,273.00	(1,175,899.50)	370,261.10
Depreciable capital assets:				
Buildings and improvements	2,614,001.34	0.00	0.00	2,614,001.34
Furniture, fixtures, machinery and equipment	1,259,342.79	75,975.00	(4,740.50)	1,330,577.29
Infrastructure	2,055,113.22	1,494,696.17	0.00	3,549,809.39
Total depreciable capital assets	5,928,457.35	1,570,671.17	(4,740.50)	7,494,388.02
Total capital assets	7,441,344.95	1,603,944.17	(1,180,640.00)	7,864,649.12
Accumulated depreciation:				
Buildings and improvements	701,124.54	99,859.61	0.00	800,984.15
Furniture, fixtures, machinery and equipment	947,906.23	66,833.39	(4,740.50)	1,009,999.12
Infrastructure	956,682.41	97,836.73	0.00	1,054,519.14
Total accumulated depreciation	2,605,713.18	264,529.73	(4,740.50)	2,865,502.41
Governmental activities capital assets, net	4,835,631.77	1,339,414.44	(1,175,899.50)	4,999,146.71

Component Unit: Eatonton Downtown Development Authority
Changes in Capital Assets

	8/31/2012	Additions	Deductions	8/31/2013
Capital assets not being depreciated:				
Land	251,075.64	0.00	0.00	251,075.64
Construction in progress	0.00	24,985.00	0.00	24,985.00
Total non-depreciable capital assets	251,075.64	24,985.00	0.00	276,060.64

Assets of the component unit, land and construction in process, are not depreciated.

Governmental Activities Depreciation Expense

General Government	41,085.27
Public Safety	30,261.10
Public Works	128,010.31
Culture and Recreation	65,173.05
Total Governmental Activities Depreciation Expense	264,529.73

Note 3 - Detailed Notes on All Funds (continued)

Changes in Proprietary Funds Capital Assets

Business-type activities:	8/31/2012	Additions	Deductions	8/31/2013
Capital assets not being depreciated:				
Land	48,500.00	5.00	0.00	48,505.00
Intangible Assets	18,424.00	0.00	0.00	18,424.00
Construction in progress	2,171,762.28	2,778.66	(2,169,888.92)	4,652.02
Total non-depreciable capital assets	2,238,686.28	2,783.66	(2,169,888.92)	71,581.02
Depreciable capital assets:				
Furniture, fixtures, machinery and equipment	536,549.83	0.00	(179,615.76)	356,934.07
Infrastructure	3,516,597.02	2,644,676.67	0.00	6,161,273.69
Total depreciable capital assets	4,053,146.85	2,644,676.67	(179,615.76)	6,518,207.76
Total capital assets	6,291,833.13	2,647,460.33	(2,349,504.68)	6,589,788.78
Accumulated depreciation:				
Furniture, fixtures, machinery and equipment	467,689.47	23,139.39	(179,615.76)	311,213.10
Infrastructure	2,115,542.73	57,108.27	0.00	2,172,651.00
Total accumulated depreciation	2,583,232.20	80,247.66	(179,615.76)	2,483,864.10
Business-type activities capital assets, net	3,708,600.93	2,567,212.67	(2,169,888.92)	4,105,924.68

3-D. – Interfund Balances and Transfers

Interfund Balances – When they occur, interfund balances represent reimbursable expenses. The City did not carry any such balances at August 31, 2013.

Interfund Transfers - Interfund transfers for the year ended August 31, 2013, resulted from the reclassification of construction in process expended by the SPLOST # 2 Fund to the Natural Gas Fund. In accordance with the enabling referendum, a portion of SPLOST proceeds were expended for the partial costs of a gas line extension. When construction was completed and this capital asset was placed in service, the costs paid by the SPLOST # 2 Fund were transferred to the Natural Gas Fund and capitalized.

3-E. Long-Term Debt

Estimated compensated absences payable comprises all long-term debt for the City. Thus, no interest cost is reported. A schedule of annual changes in compensated absences payable is presented as follows.

Changes in Compensated Absences Payable for the year ended August 31, 2013

	8/31/2012 Obligation	+ Additions	- Reductions	= 8/31/2013 Obligation	= 8/31/2013 Current	+ 8/31/2013 Long Term
General Fund	80,661.96	5,222.65	728.13	85,156.48	17,031.30	68,125.18
Natural Gas Fund	22,195.97	1,684.38	0.00	23,880.35	4,776.07	19,104.28
Totals	102,857.93	6,907.03	728.13	109,036.83	21,807.37	87,229.46

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 estimated minimum annual contribution under these funding standards is $167,541. 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 recommended contribution at January 1, 2012, for the City's fiscal year ending August 31, 2013, was $217,780. The recommended contribution represents 12.08 percent of expected payroll. The total valuation payroll for this period was $1,761,466; the total payroll for the City's fiscal year ending August 31, 2013 was $2,020,902. 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. A recent summary of contributions is presented in the following table. As the table shows, the City fully funded the August 31, 2013 annual pension cost with contributions of $217,780.

Pension Plan Reporting Date	Fiscal Year End	Recommended Contribution	Percent Contributed
January 1, 2010	August 31, 2011	168,677	100%
January 1, 2011	August 31, 2012	193,798	100%
January 1, 2012	August 31, 2013	217,780	100%

Actuarial Assumptions and Methods. Significant actuarial assumptions are used to compute the annual recommended contribution and the actuarial accrued liability. The actuarial methods and assumptions are presented on the following page.

Due to the long-term nature of retirement plans, the valuation utilizes an asset smoothing method to allow fluctuations in the market value of assets to be recognized over a number of years rather than immediately. This prevents any single year from overly impacting the valuation and allows plan sponsors to prepare for potential changes in the contribution requirements.

Note 3 – Detailed Notes on All Funds (continued)

Actuarial Methods and Assumptions for Valuation Date January 1, 2012

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%, plus age and service based merit increases
Cost of Living Adjustments	0.00%
Inflation	3.50%

The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base.

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

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
1/1/10	2,697,467	3,037,872	340,405	88.8	1,494,265	22.78%
1/1/11	2,526,832	2,983,361	456,529	84.7	1,654,466	27.59%
1/1/12	2,553,470	3,147,617	594,147	81.1	1,761,466	33.73%

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 Position – No debt is carried on City capital assets. The component of net position, "*Investment in Capital Assets*" on the government-wide statement of net position as of August 31, 2013 is determined as follows.

	Governmental Activities	Business Type Activities	Total
Cost of capital assets	7,864,649.12	6,589,788.78	14,454,437.90
Less accumulated depreciation	2,865,502.41	2,483,864.10	5,349,366.51
Net investment in capital assets	4,999,146.71	4,105,924.68	9,105,071.39

3-H-2 Fund Balance Components – At the fund financial reporting level, fund balances are classified as follows:

Governmental Funds	Amount
General Fund	
Commited by city council for capital outlay	351,237.34
Unassigned	(296,666.94)
	54,570.40
Special Revenue Funds	
Capital Reserve Fund	
Restricted by referendum for emergencies	500,000.00
Committed by city council for emergencies, cemetary care and services to citizens through donations to civic organizations	503,603.67
Police Condemnation Fund	
Restricted by law for law enforcement equipment and supplies	26,725.16
Youth Services Grant Fund restricted for grant purposes	0.00
Hotel / Motel Tax Fund assigned for development	5,759.72
	1,036,088.55
Capital Projects Funds	
Special Local Option Sales Tax Fund # 1	0.00
Special Local Option Sales Tax Fund # 2	
Restricted by referendum for capital outlay	472,475.63
Community Development Block Grant Fund #7, restricted for capital outlay	0.00
	472,475.63

3-I. Special Purpose Local Option Sales Tax (SPLOST)

The City presents two SPLOST funds in this report. In each case a county-wide referendum authorizing collection of a one percent, special local option sales tax provides for municipal projects through an intergovernmental agreement. The SPLOST Fund # 1 is used to account for the remaining proceeds of an expired sales tax; these

Note 3 – Detailed Notes on All Funds (continued)

proceeds were fully expended during this year. The proceeds of the current tax are accounted for in the SPLOST Fund # 2. In accordance with the referendum, these are to be expended for construction of roads, bridges and sidewalks; for acquisition of public safety and public works equipment; for sewer repairs; for building renovations; for extension of natural gas lines; and for the development of a park. Cumulative expenditures for these projects 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 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.

Note 4 - Other Notes (continued)

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, 2013 the outstanding loan principal was $652,147.39; 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, 2013 was $617,257.46.

In addition, the City, along with Putnam County, has pledged its full faith and credit to secure a 2012 GEFA loan made to the Eatonton-Putnam Water and Sewer Authority. The loan was extended for water line replacement. GEFA has agreed to provide up to $1,745,000 at an annual interest rate of 1.13%. A portion of the loan will be forgiven, up to $500,000. Outstanding principle and interest will be repaid with monthly installments for 20 years.

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, 2013, was $1,393,461.

Litigation

In the opinion of the City attorney, there were no legal actions in progress by or against the City at August 31, 2013, that would have a material effect on its financial position.

4-C. Applicability of the Single Audit Act

A single audit was performed for the fiscal year ended August 31, 2013.

Note 4 - Other Notes (continued)

4-D. Property Taxes and Local Option Sales Tax

From 1986 to 2012, sales taxes offset the need for the City to record or accrue property taxes and the accompanying allowance for uncollectable accounts. However, as a result of declining sales tax revenues, the City levied property taxes on September 4, 2012. All property taxes were due by December 21, 2012. Property taxes attach as an enforceable lien on property as of January 1.

4-E. Component Unit

The City of Eatonton has one outside component unit: the Eatonton Downtown Development Authority (DDA). Summary financial information is included with the government-wide financial statements.

4-F. 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-G. 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 Commission (RC). Dues are required, and assessed on a per capita basis. During the year ended August 31, 2013, the City paid $6,480 in dues.

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

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

4-H. Notes Receivable – Revolving Loan Fund

At August 31, 2013, the City had one Economic Development outstanding loan, made with C.D.B.G./E.I.P. grant monies. Allowance for doubtful accounts is established on an individual case basis; no allowance has been established for this loan.

Loans Receivable - Revolving Loan Fund - August 31, 2013

Heaven's Gate, LLC:	
Original amount $24,034.62, at 5%, payable in graduated monthly installments through January 1, 2018. Payments are behind schedule. The outstanding balance at August 31, 2013 is	21,489.10

Note 4 - Other Notes (continued)

4-I. 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. 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	9,455.20
Services contracted with the Chamber of Commerce	(11,500.00)
Decrease in Fund Balance	(2,044.80)

GOVERNMENTAL FUNDS

CITY OF FATONTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

AUGUST 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash	31,694.79	0.00	31,694.79
Taxes Receivable	790.09	0.00	790.09
Total Assets	32,484.88	0.00	32,484.88
Liabilities and Fund Balance			
Liabilities:			
None	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
Fund Balance:			
Restricted for Program Purposes	26,725.16	0.00	26,725.16
Assigned	5,759.72	0.00	5,759.72
Total Fund Balances	32,484.88	0.00	32,484.88
Total Liabilities and Fund Balance	32,484.88	0.00	32,484.88

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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	9,455.20	0.00	9,455.20
Intergovernmental	2,685.00	444,705.51	447,390.51
Fines and Forfeitures	10,458.85	0.00	10,458.85
Interest Income	141.67	0.00	141.67
	22,740.72	444,705.51	467,446.23
Expenditures			
Housing and Development	14,358.26	0.00	14,358.26
Public Safety	8,999.92	0.00	8,999.92
Public Works	0.00	446,055.51	446,055.51
Capital Outlay	0.00	13.84	13.84
	23,358.18	446,069.35	469,427.53
Net Change in Fund Balance	(617.46)	(1,363.84)	(1,981.30)
Fund Balance at Beginning of Year	33,102.34	1,363.84	34,466.18
Fund Balance at End of Year	32,484.88	0.00	32,484.88

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, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Receivables:		
Accounts, Net of Allowance for Doubtful Accounts	16,384.42	18,570.54
Property Taxes, Net of Allowance for Doubtful Accounts	57,571.70	0.00
Grants	12,762.76	20,887.55
Intergovernmental	191,621.06	290,725.53
Interfund	0.00	2,280.14
Time Certificates of Deposit	215,000.00	215,000.00
Restricted Assets:		
Time Certificates of Deposit	351,237.34	350,963.37
Total Assets	844,577.28	898,427.13
Liabilities, Deferred Inflow of Resources, Fund Balance		
Liabilities:		
Cash Overdraft	548,035.72	3,646.68
Accounts Payable	148,773.15	158,415.57
Accrued Wages and Related Liabilities	21,427.82	20,937.94
Deposits	41,704.09	34,193.62
Total Liabilities	759,940.78	217,193.81
Deferred Inflow of Property Taxes	30,066.10	0.00
Total Liabilities and Deferred Inflows of Resources	790,006.88	217,193.81
Fund Balance:		
Committed for Capital Outlay	351,237.34	350,963.37
Committed Stabilization Reserve	0.00	520,400.70
Unassigned	(296,666.94)	(190,130.75)
Total Fund Balance	54,570.40	681,233.32
Total Liabilities, Deferred Inflows of Resources and Fund Balance	844,577.28	898,427.13

CITY OF EATONTON, GEORGIA

GENERAL FUND

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

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes	3,733,286.00	3,647,398.00	2,814,562.09	(832,835.91)	2,755,275.50
Licenses and Permits	75,000.00	75,000.00	80,966.50	5,966.50	75,941.20
Intergovernmental Revenues	75,000.00	75,000.00	141,297.41	66,297.41	198,662.22
Charges for Services	244,901.00	244,901.00	227,994.10	(16,906.90)	227,294.65
Fines and Forfeitures	250,000.00	250,000.00	169,218.16	(80,781.84)	213,125.05
Other	22,000.00	22,000.00	18,017.18	(3,982.82)	26,292.93
Total Revenues	4,400,187.00	4,314,299.00	3,452,055.44	(862,243.56)	3,496,591.55
Expenditures					
Current:					
General Government	907,130.00	857,130.00	759,558.74	(97,571.26)	823,085.77
Judicial	18,800.00	18,800.00	18,140.21	(659.79)	17,574.79
Public Safety	1,952,402.00	1,946,502.00	1,848,152.32	(98,349.68)	1,885,087.13
Public Works	1,241,715.00	1,197,715.00	1,155,041.40	(42,673.60)	1,205,251.96
Health and Welfare	4,341.00	3,841.00	0.00	(3,841.00)	0.00
Culture and Recreation	138,638.00	154,394.00	152,557.89	(1,836.11)	128,756.38
Housing and Development	147,161.00	145,917.00	145,267.80	(649.20)	110,865.14
Total Expenditures	4,410,187.00	4,324,299.00	4,078,718.36	(245,580.64)	4,170,621.17
Excess (Deficiency) of Revenues	(10,000.00)	(10,000.00)	(626,662.92)	(616,662.92)	(674,029.62)
Other Financing Sources (Uses)					
Transfer In: Capital Reserve Fund	10,000.00	10,000.00	0.00	(10,000.00)	0.00
Transfer Out: Police Condemnation Fund	0.00	0.00	0.00	0.00	(3,117.00)
Transfer Out: Youth Services Grant Fund	0.00	0.00	0.00	0.00	(4,541.83)
Total Other Financing Sources (Uses)	10,000.00	10,000.00	0.00	(10,000.00)	(7,658.83)
Net Change in Fund Balance	0.00	0.00	(626,662.92)	(626,662.92)	(681,688.45)
Fund Balance at Beginning of Year			681,233.32		1,362,921.77
Fund Balance at End of Year			54,570.40		681,233.32

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes:					
Property Taxes	641,286.00	555,398.00	606,247.44	50,849.44	0.00
Local Option Sales Tax	2,100,000.00	2,100,000.00	1,268,825.80	(831,174.20)	1,828,174.10
Tax on Insurance Premiums	300,000.00	300,000.00	322,834.29	22,834.29	303,939.23
Utility Franchise Tax	410,000.00	410,000.00	396,736.12	(13,263.88)	387,899.01
Alcoholic Beverage Tax	282,000.00	282,000.00	217,267.82	(64,732.18)	235,263.16
Delinquent Tax Penalties and Interest	0.00	0.00	2,650.62	2,650.62	0.00
	3,733,286.00	3,647,398.00	2,814,562.09	(832,835.91)	2,755,275.50
Licenses and Permits:					
Business Licenses	75,000.00	75,000.00	80,966.50	5,966.50	75,941.20
	75,000.00	75,000.00	80,966.50	5,966.50	75,941.20
Intergovernmental Grants for:					
Public Safety	75,000.00	75,000.00	55,387.90	(19,612.10)	198,662.22
Public Works	0.00	0.00	80,202.51	80,202.51	0.00
Other	0.00	0.00	5,707.00	5,707.00	0.00
	75,000.00	75,000.00	141,297.41	66,297.41	198,662.22
Charges for Services:					
General Government	1,700.00	1,700.00	6,097.45	4,397.45	628.00
Public Works	233,200.00	233,200.00	207,395.65	(25,804.35)	208,565.65
Culture and Recreation	10,001.00	10,001.00	14,501.00	4,500.00	18,101.00
	244,901.00	244,901.00	227,994.10	(16,906.90)	227,294.65
Fines and Forfeitures:					
Municipal Court	250,000.00	250,000.00	169,218.16	(80,781.84)	213,125.05
	250,000.00	250,000.00	169,218.16	(80,781.84)	213,125.05
Other:					
Private Donation	0.00	0.00	0.00	0.00	10,000.00
Interest Earned	15,000.00	15,000.00	7,771.70	(7,228.30)	7,989.63
Sale of Surplus Assets	5,000.00	5,000.00	8,031.08	3,031.08	7,976.65
Miscellaneous	2,000.00	2,000.00	2,214.40	214.40	326.65
	22,000.00	22,000.00	18,017.18	(3,982.82)	26,292.93
Total Revenues	4,400,187.00	4,314,299.00	3,452,055.44	(862,243.56)	3,496,591.55
Other Financing Sources					
Transfer from Capital Reserve Fund	10,000.00	10,000.00	0.00	(10,000.00)	0.00
Total Other Financing Sources	10,000.00	10,000.00	0.00	(10,000.00)	0.00
Total Revenues And Other Financing Sources	4,410,187.00	4,324,299.00	3,452,055.44	(872,243.56)	3,496,591.55

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
General Government					
City Council and Executive Offices					
Personnel Services and Employee Benefits	105,076.00	105,076.00	109,754.18	4,678.18	107,627.14
Travel, Education and Training	17,400.00	17,400.00	9,757.33	(7,642.67)	15,727.33
Insurance	41,500.00	41,500.00	31,954.93	(9,545.07)	40,894.72
Communications	2,500.00	2,500.00	2,674.44	174.44	2,818.30
Other	10,200.00	10,200.00	8,736.92	(1,463.08)	8,252.16
	176,676.00	176,676.00	162,877.80	(13,798.20)	175,319.65
Elections					
Poll Workers	0.00	0.00	0.00	0.00	9,442.01
Travel, Education and Training	1,000.00	1,000.00	45.52	(954.48)	0.00
Communications	600.00	600.00	0.00	(600.00)	1,016.00
Supplies	0.00	0.00	570.00	570.00	8,550.71
	1,600.00	1,600.00	615.52	(984.48)	19,008.72
Financial and General Administration					
Personnel Services and Employee Benefits	292,625.00	292,625.00	309,274.36	16,649.36	298,930.97
Travel, Education and Training	6,600.00	6,600.00	5,608.14	(991.86)	9,056.99
Professional Services	118,000.00	100,000.00	52,070.91	(47,929.09)	102,394.59
Technical Services	36,000.00	36,000.00	14,177.39	(21,822.61)	19,439.95
Maintenance and Repairs	6,000.00	6,000.00	4,439.57	(1,560.43)	7,876.11
Insurance	8,000.00	8,000.00	9,352.23	1,352.23	7,674.90
Communications	14,800.00	14,800.00	15,550.59	750.59	16,050.42
Supplies	15,200.00	15,200.00	12,163.07	(3,036.93)	8,382.54
Utilities	1,200.00	1,200.00	5,458.39	4,258.39	5,770.08
Capital Outlay	10,500.00	0.00	0.00	0.00	0.00
Other	7,400.00	7,400.00	107.88	(7,292.12)	0.00
	516,325.00	487,825.00	428,202.53	(59,622.47)	475,576.55
Buildings and Grounds					
Personnel Services and Employee Benefits	152,329.00	130,829.00	124,165.02	(6,663.98)	102,966.29
Technical Services	19,500.00	19,500.00	8,085.00	(11,415.00)	0.00
Maintenance and Repairs	12,000.00	12,000.00	10,490.56	(1,509.44)	26,648.44
Insurance	12,000.00	12,000.00	11,657.35	(342.65)	10,871.13
Communications	1,200.00	1,200.00	802.32	(397.68)	940.72
Supplies	8,300.00	8,300.00	4,773.18	(3,526.82)	4,607.63
Gasoline	6,000.00	6,000.00	4,838.34	(1,161.66)	4,179.90
Utilities	1,200.00	1,200.00	3,051.12	1,851.12	2,966.74
	212,529.00	191,029.00	167,862.89	(23,166.11)	153,180.85
Total General Government	907,130.00	857,130.00	759,558.74	(97,571.26)	823,085.77

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Judicial System					
Municipal Court	18,800.00	18,800.00	18,140.21	(659.79)	17,574.79
Total Judicial System	18,800.00	18,800.00	18,140.21	(659.79)	17,574.79
Public Safety					
Police Department					
Personnel Services and Employee Benefits	1,203,619.00	1,203,619.00	1,185,057.22	(18,561.78)	1,202,290.64
Travel, Education and Training	8,603.00	8,603.00	6,814.73	(1,788.27)	7,026.68
Technical Services	25,605.00	25,605.00	3,708.14	(21,896.86)	8,028.69
Maintenance and Repairs	60,000.00	60,000.00	30,305.73	(29,694.27)	49,498.80
Insurance	36,000.00	36,000.00	33,439.13	(2,560.87)	34,938.83
Communications	19,700.00	19,700.00	19,600.69	(99.31)	27,922.90
Supplies, Hardware and Small Equipment	25,500.00	25,500.00	50,323.56	24,823.56	41,762.07
Gasoline	75,000.00	75,000.00	76,738.57	1,738.57	80,578.47
Utilities	12,000.00	12,000.00	10,847.10	(1,152.90)	12,026.79
Towing and Impound	6,000.00	6,000.00	0.00	(6,000.00)	730.00
Prisoner Housing	18,000.00	18,000.00	27,064.09	9,064.09	24,590.08
Drug Task Force	5,000.00	5,000.00	5,000.00	0.00	0.00
Capital Outlay	17,100.00	17,100.00	0.00	(17,100.00)	5,410.00
Other	1,200.00	1,200.00	2,875.91	1,675.91	0.00
	1,513,327.00	1,513,327.00	1,451,774.87	(61,552.13)	1,494,803.95
Fire and Rescue Services					
Personnel Services and Employee Benefits	314,055.00	314,055.00	283,904.19	(30,150.81)	250,835.31
Volunteer Fire Fighter Drill Fees	41,520.00	41,520.00	22,281.00	(19,239.00)	25,768.50
Travel, Education and Training	3,200.00	3,200.00	603.64	(2,596.36)	152.65
Maintenance and Repairs	6,000.00	6,000.00	9,205.08	3,205.08	8,859.31
Insurance	8,400.00	8,400.00	9,151.68	751.68	8,417.68
Communications	5,000.00	5,000.00	13,643.29	8,643.29	11,677.61
Supplies, Hardware and Small Equipment	5,000.00	4,000.00	8,296.45	4,296.45	10,789.44
Gasoline	6,000.00	6,000.00	7,480.27	1,480.27	7,453.00
Rescue Squad Fees and Associated Costs	7,000.00	7,000.00	4,945.00	(2,055.00)	28,934.16
	396,175.00	395,175.00	359,510.60	(35,664.40)	352,887.66
Animal Control	42,900.00	38,000.00	36,866.85	(1,133.15)	37,395.52
Total Public Safety	1,952,402.00	1,946,502.00	1,848,152.32	(98,349.68)	1,885,087.13

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Public Works					
Highways and Streets					
Personnel Services and Employee Benefits	613,355.00	606,355.00	598,787.81	(7,567.19)	619,431.63
Technical Services	4,000.00	4,000.00	9,849.05	5,849.05	3,378.84
Maintenance and Repairs	75,360.00	75,360.00	43,466.74	(31,893.26)	28,953.50
Insurance	32,000.00	32,000.00	27,240.27	(4,759.73)	29,236.46
Communications	5,000.00	5,000.00	5,418.21	418.21	5,337.40
Supplies, Hardware and Small Equipment	82,000.00	57,000.00	69,508.16	12,508.16	52,498.67
Gasoline	45,000.00	45,000.00	55,538.68	10,538.68	56,174.18
Utilities	140,000.00	140,000.00	144,954.81	4,954.81	145,704.94
Prison Crew Fees	80,000.00	80,000.00	75,769.70	(4,230.30)	78,998.00
Capital Outlay	24,000.00	24,000.00	0.00	(24,000.00)	16,900.00
	1,100,715.00	1,068,715.00	1,030,533.43	(38,181.57)	1,036,613.62
Solid Waste and Recycling					
Waste Disposal Fees	132,000.00	120,000.00	112,621.30	(7,378.70)	158,568.92
Insurance	8,400.00	8,400.00	10,977.92	2,577.92	9,552.67
Recycling Operations	600.00	600.00	908.75	308.75	516.75
	141,000.00	129,000.00	124,507.97	(4,492.03)	168,638.34
Total Public Works	1,241,715.00	1,197,715.00	1,155,041.40	(42,673.60)	1,205,251.96
Health and Welfare					
Mosquito Control	4,341.00	3,841.00	0.00	(3,841.00)	0.00
Total Health and Welfare	4,341.00	3,841.00	0.00	(3,841.00)	0.00
Culture and Recreation					
Personnel Services and Employee Benefits	0.00	0.00	0.00	0.00	31,751.65
Travel, Education and Training	0.00	0.00	0.00	0.00	428.17
Management Services	60,000.00	58,756.00	58,756.00	0.00	0.00
Maintenance and Repairs	2,400.00	2,400.00	6,245.24	3,845.24	26,292.97
Insurance	0.00	17,000.00	17,018.24	18.24	10,949.76
Utilities	28,000.00	28,000.00	20,456.61	(7,543.39)	43,333.83
Library Support	48,238.00	48,238.00	50,081.80	1,843.80	16,000.00
Total Culture and Recreation	138,638.00	154,394.00	152,557.89	(1,836.11)	128,756.38

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Housing and Development					
Planning and Zoning	4,800.00	4,800.00	2,500.00	(2,300.00)	2,754.71
Historical Commission	2,000.00	2,000.00	1,934.35	(65.65)	0.00
Code Enforcement					
Personnel Services and Employee Benefits	45,943.00	45,943.00	45,950.44	7.44	45,435.41
Travel, Education and Training	2,000.00	2,000.00	464.28	(1,535.72)	846.18
Maintenance and Repairs	0.00	0.00	364.43	364.43	0.00
Insurance	0.00	0.00	1,006.07	1,006.07	950.22
Communications	600.00	600.00	1,938.29	1,338.29	1,966.94
Supplies, Hardware and Small Equipment	0.00	0.00	266.46	266.46	83.40
Gasoline	900.00	900.00	770.05	(129.95)	850.17
Economic Development					
Personnel Services and Employee Benefits	38,068.00	10,947.00	10,947.14	0.14	37,956.36
Travel, Education and Training	2,900.00	1,204.00	1,203.85	(0.15)	2,518.29
Insurance	500.00	0.00	0.00	0.00	492.69
Communications	2,450.00	0.00	0.00	0.00	1,408.50
Economic Development Grants	47,000.00	77,523.00	77,922.44	399.44	15,602.27
Total Housing and Development	147,161.00	145,917.00	145,267.80	(649.20)	110,865.14
Total Expenditures	4,410,187.00	4,324,299.00	4,078,718.36	(245,580.64)	4,170,621.17

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 various 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, 2013 and 2012

	2013	2012
Assets		
Cash and Cash Equivalents	16,103.67	9,387.20
Time Certificates of Deposit	987,500.00	987,500.00
Total Assets	1,003,603.67	996,887.20
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	0.00	1,750.00
Fund Balance		
Fund Balance, Restricted	500,000.00	500,000.00
Fund Balance, Committed	503,603.67	495,137.20
Total Fund Balance	1,003,603.67	995,137.20
Total Liabilities and Fund Balance	1,003,603.67	996,887.20

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Interest Earned	0.00	0.00	8,466.47	8,466.47	12,437.97
Total Revenues	0.00	0.00	8,466.47	8,466.47	12,437.97
Expenditures					
Donations	0.00	0.00	0.00	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	8,466.47	8,466.47	12,437.97
Fund Balance at Beginning of Year			995,137.20		982,699.23
Fund Balance at End of Year			1,003,603.67		995,137.20

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2013

	Hotel / Motel Tax Fund	Police Condemnation Fund	Youth Services Grant Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash	4,969.63	26,725.16	0.00	31,694.79
Taxes Receivable	790.09	0.00	0.00	790.09
Total Assets	5,759.72	26,725.16	0.00	32,484.88
Liabilities and Fund Balance				
Liabilities:				
None	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00
Fund Balance:				
Restricted for Program Purposes	0.00	26,725.16	0.00	26,725.16
Assigned	5,759.72	0.00	0.00	5,759.72
Total Fund Balances	5,759.72	26,725.16	0.00	32,484.88
Total Liabilities and Fund Balance	5,759.72	26,725.16	0.00	32,484.88

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2013

	Hotel / Motel Tax Fund	Police Condemnation Fund	Youth Services Grant Fund	Total Nonmajor Special Revenue Funds
Revenues				
Hotel / Motel Taxes	9,455.20	0.00	0.00	9,455.20
Intergovernmental Revenue	0.00	0.00	2,685.00	2,685.00
Fines and Forfeitures	0.00	10,458.85	0.00	10,458.85
Interest Income	0.00	141.67	0.00	141.67
	9,455.20	10,600.52	2,685.00	22,740.72
Expenditures				
Housing and Development	11,500.00	0.00	2,858.26	14,358.26
Public Safety	0.00	8,999.92	0.00	8,999.92
	11,500.00	8,999.92	2,858.26	23,358.18
Net Change in Fund Balance	(2,044.80)	1,600.60	(173.26)	(617.46)
Fund Balance at Beginning of Year	7,804.52	25,124.56	173.26	33,102.34
Fund Balance at End of Year	5,759.72	26,725.16	0.00	32,484.88

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash	4,969.63	7,028.71
Taxes Receivable	790.09	775.81
Total Assets	5,759.72	7,804.52
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance Assigned for Development	5,759.72	7,804.52
Total Liabilities and Fund Balance	5,759.72	7,804.52

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Hotel / Motel Taxes	12,000.00	12,000.00	9,455.20	(2,544.80)	10,481.09
Expenditures					
Contracted Services for Tourism Promotion	11,500.00	11,500.00	11,500.00	0.00	11,500.00
Professional Services	500.00	500.00	0.00	(500.00)	0.00
	12,000.00	12,000.00	11,500.00	(500.00)	11,500.00
Net Change in Fund Balance	0.00	0.00	(2,044.80)	(2,044.80)	(1,018.91)
Fund Balance at Beginning of Year			7,804.52		8,823.43
Fund Balance at End of Year			5,759.72		7,804.52

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash	26,725.16	27,404.70
Total Assets	26,725.16	27,404.70
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	0.00	2,280.14
Fund Balance		
Restricted for Program Purposes	26,725.16	25,124.56
Total Liabilities and Fund Balance	26,725.16	27,404.70

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Proceeds from Seizures	20,000.00	20,000.00	10,458.85	(9,541.15)	2,830.75
Interest Earned	50.00	50.00	141.67	91.67	47.85
Total Revenues	20,050.00	20,050.00	10,600.52	(9,449.48)	2,878.60
Expenditures					
Technical Services	50.00	50.00	310.00	260.00	3,069.79
Supplies, Small Tools and Equipment	0.00	0.00	8,689.92	8,689.92	3,423.68
Capital Outlay	20,000.00	20,000.00	0.00	(20,000.00)	4,714.73
Total Expenditures	20,050.00	20,050.00	8,999.92	(11,050.08)	11,208.20
Excess (Deficiency) of Revenues over Expenditures	0.00	0.00	1,600.60	1,600.60	(8,329.60)
Other Financing Sources					
Transfer from General Fund	0.00	0.00	0.00	0.00	3,117.00
Net Change in Fund Balance	0.00	0.00	1,600.60	1,600.60	(5,212.60)
Fund Balance at Beginning of Year			25,124.56		30,337.16
Fund Balance at End of Year			26,725.16		25,124.56

CITY OF EATONTON, GEORGIA

YOUTH SERVICES GRANT FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash	0.00	0.32
Account Receivable	0.00	172.94
Total Assets	0.00	173.26
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance, Restricted for Grant Purposes	0.00	173.26
Total Liabilities and Fund Balance	0.00	173.26

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Emergency Food and Shelter Grant	0.00	0.00	2,685.00	2,685.00	0.00
	0.00	0.00	2,685.00	2,685.00	0.00
Expenditures					
Purchased Services	0.00	0.00	2,858.26	2,858.26	37,490.25
	0.00	0.00	2,858.26	2,858.26	37,490.25
Excess (Deficiency) of Revenues Over Expenditures	0.00	0.00	(173.26)	(173.26)	(37,490.25)
Other Financing Sources (Uses)					
Transfer from General Fund	0.00	0.00	0.00	0.00	4,541.83
Net Change in Fund Balance	0.00	0.00	(173.26)	(173.26)	(32,948.42)
Fund Balance at Beginning of Year			173.26		34,871.68
Prior Period Adjustment			0.00		(1,750.00)
Fund Balance at End of Year			0.00		173.26

CAPITAL PROJECTS FUNDS

Major Fund

Special Local Option Sales Tax Fund # 2 - To account for receipts of special sales tax proceeds. Proceeds are to be expended in accordance with the terms of a local referendum for

- Roads, bridges, sidewalks
- Parking lot paving
- Building renovations
- Park development
- Public safety equipment
- Public works equipment
- Sewer repairs
- Natural gas line extension

Nonmajor Funds

Special Local Option Sales Tax Fund # 1 – 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 Development Block Grant Fund, #7: 11p-x-117-2-5390
To account for grant proceeds designated for a street drainage project.

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND # 2

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash and Cash Equivalents	472,475.63	282,246.62
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	0.00	82,122.89
Fund Balance, Restricted for Capital Outlay	472,475.63	200,123.73
Total Liabilities and Fund Balance	472,475.63	282,246.62

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND # 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Revenues		
Intergovernmental: Putnam County SPLOST	750,401.57	640,262.65
Intergovernmental: Georgia Department of Transportation Grant	66,523.40	0.00
Interest Income	1,732.00	260.69
	818,656.97	640,523.34
Expenditures		
Capital Outlay for:		
Natural Gas Line Extension	258,092.05	216,695.70
Roads, Bridges, Sidewalks	177,703.02	212,764.71
Downtown Parking	33,273.00	7,439.20
Public Safety Equipment	38,325.00	3,500.00
Public Works Equipment	38,912.00	0.00
	546,305.07	440,399.61
Net Change in Fund Balance	272,351.90	200,123.73
Fund Balance at Beginning of Year	200,123.73	0.00
Fund Balance at End of Year	472,475.63	200,123.73

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2013

	SPLOST # 1 Fund	CDBG #7 Fund	Total Nonmajor Capital Projects Funds
Assets			
None	0.00	0.00	0.00
Total Assets	0.00	0.00	0.00
Liabilities and Fund Balance			
Liabilities:			
None	0.00	0.00	0.00
Fund Balance:			
None	0.00	0.00	0.00
Total Liabilities and Fund Balance	0.00	0.00	0.00

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2013

	SPLOST # 1 Fund	CDBG #7 Fund	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	0.00	444,705.51	444,705.51
Expenditures			
Public Works	0.00	446,055.51	446,055.51
Capital Outlay	13.84	0.00	13.84
	13.84	446,055.51	446,069.35
Excess (Deficiency) of Revenues over Expenditures	(13.84)	(1,350.00)	(1,363.84)
Fund Balance at Beginning of Year	13.84	1,350.00	1,363.84
Fund Balance at End of Year	0.00	0.00	0.00

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND # 1

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash and Cash Equivalents	0.00	13.84
Liabilities and Fund Balance		
Liabilities		
None	0.00	0.00
Fund Balance, Restricted for Capital Outlay	0.00	13.84
Total Liabilities and Fund Balance	0.00	13.84

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND # 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Revenues		
Intergovernmental Revenues	0.00	0.00
Interest Income	0.00	268.28
	0.00	268.28
Expenditures		
Capital Outlay		
Public Works		
Roads, Bridges, Sidewalks	13.84	370,941.09
	13.84	370,941.09
Net Change in Fund Balance	(13.84)	(370,672.81)
Fund Balance at Beginning of Year	13.84	370,686.65
Fund Balance at End of Year	0.00	13.84

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 7

C.D.B.G. No. 11p-x-117-2-5390

COMPARATIVE BALANCE SHEET

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash	0.00	1,350.00
Total Assets	0.00	1,350.00
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance, Restricted for Capital Outlay	0.00	1,350.00
Total Liabilities and Fund Balance	0.00	1,350.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 7

C.D.B.G. No. 11p-x-117-2-5390

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Revenues		
Intergovernmental Federal Grant - C.D.B.G.	444,705.51	13,850.00
	444,705.51	13,850.00
Expenditures		
Capital Outlay for Street Improvements		
Public Works		
Street Improvements	227,310.00	0.00
Flood and Drainage Facilities	201,245.51	0.00
Contingencies	0.00	0.00
Administration	17,500.00	12,500.00
	446,055.51	12,500.00
Excess (Deficiency) of Revenues over Expenditures	(1,350.00)	1,350.00
Fund Balance at Beginning of Year	1,350.00	0.00
Fund Balance at End of Year	0.00	1,350.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 7

C.D.B.G. No. 11p-x-117 2-5390

STATEMENT OF SOURCE AND STATUS OF FUNDS

FOR THE PERIOD SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2013

Source of Funds		
Total Program Funds Allocated	500,000.00	
Less: Total Funds Drawn Down by Recipient	458,555.51	
Unrequested Funds at Project Completion		41,444.49
Status of Funds		
Total Funds Drawn Down by Recipient	458,555.51	
Less: Funds Applied to Program Expense	458,555.51	
Total Funds Held by Recipient		0.00
Funds Unrequested at Project Completion		41,444.49

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND, # 7

C.D.B.G. No. 11p-x-117-2-5390

STATEMENT OF PROJECT COSTS

FOR THE PERIOD SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2013

Program Activity	CDBG Activity Number	Approved Budget	CDBG Expenditures Cumulative	Questioned Costs
Street Improvements	P-03K-01	204,460.00	227,310.00	0.00
Flood and Drainage Facilities	P-03K-02	242,690.00	201,245.51	0.00
Administration	A-21A -00	30,000.00	30,000.00	0.00
Contingencies	C-022-00	22,850.00	0.00	0.00
Total		500,000.00	458,555.51	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 POSITION

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Current Assets		
Cash	1,211,082.95	922,017.32
Time Certificates of Deposit	390,208.93	388,502.96
Accounts Receivable, Net of Allowance for Doubtful Accounts	26,522.29	18,537.74
Sales Tax Deposit	0.00	2,436.55
Time Certificates of Deposit, Customer Deposits	377,900.72	373,357.16
Total Current Assets	2,005,714.89	1,704,851.73
Capital Assets		
Natural Gas System	6,232,854.71	5,755,283.30
Machinery and Equipment	356,934.07	536,549.83
	6,589,788.78	6,291,833.13
Less Accumulated Depreciation	2,483,864.10	2,583,232.20
Total Capital Assets	4,105,924.68	3,708,600.93
Total Assets	6,111,639.57	5,413,452.66
Liabilities		
Current Liabilities		
Accounts Payable	16,121.17	31,445.81
Customer Deposits	99,567.39	99,314.23
Current Portion of Compensated Absences Payable	4,776.07	4,439.19
Total Current Liabilities	120,464.63	135,199.23
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences Payable	19,104.28	17,756.78
Total Liabilities	139,568.91	152,956.01
Net Position		
Investment in Capital Assets	4,105,924.68	3,708,600.93
Committed for Stabilization	204,369.50	273,682.10
Unrestricted	1,661,776.48	1,278,213.62
Total Net Position	5,972,070.66	5,260,496.65

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2013 and 2012

	2013	2012
Operating Revenues		
Sale of Natural Gas	1,569,279.89	1,436,056.24
Tap and Re-connection Fees	11,950.00	10,862.50
Penalties	32,441.64	16,675.92
Other	2,656.52	5,185.91
Total Operating Revenues	1,616,328.05	1,468,780.57
Operating Expenses		
Cost of Natural Gas	729,083.85	729,591.56
Personnel Services and Employee Benefits	346,565.34	302,182.73
Travel, Education and Training	2,922.23	1,414.49
Professional Services	35,583.30	27,529.69
Technical Services	0.00	4,257.72
Maintenance and Repairs	68,193.92	45,670.53
Depreciation Expense	80,247.66	121,536.77
Insurance	8,976.18	9,121.94
Communications	24,867.47	20,644.46
Supplies, Hardware and Small Equipment	34,063.22	81,678.12
Gasoline	22,580.49	22,326.23
Utilities	8,190.53	8,006.83
Taxes	25,202.10	23,839.85
Total Operating Expenses	1,386,476.29	1,397,800.92
Operating Income (Loss)	229,851.76	70,979.65
Non-Operating Revenues		
Interest Income	6,934.50	10,600.54
Net Income Before Transfers	236,786.26	81,580.19
Transfer from SPLOST # 2 Fund	474,787.75	0.00
Change in Net Position	711,574.01	81,580.19
Net Position at Beginning of Year	5,260,496.65	5,178,916.46
Net Position at End of Year	5,972,070.66	5,260,496.65

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Cash Received from Customers	1,608,596.66	1,493,464.20
Cash Payments for Personnel Services	(344,880.96)	(302,205.78)
Cash Payments for Goods and Services	(972,551.38)	(977,274.35)
Net Cash Provided (Used) by Operating Activities	291,164.32	213,984.07
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(2,783.66)	(1,394,995.28)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,783.66)	(1,394,995.28)
Cash Flows from Investing Activities		
Earnings On Investments	6,934.50	10,600.54
(Increase) Decrease in Investments	(6,249.53)	(9,337.58)
Net Cash Flows From Investing Activities	684.97	1,262.96
Net Increase (Decrease) in Cash	289,065.63	(1,179,748.25)
Cash at Beginning of Year	922,017.32	2,101,765.57
Cash at End of Year	1,211,082.95	922,017.32
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	229,851.76	70,979.65
Adjustments:		
Depreciation	80,247.66	121,536.77
(Increase) Decrease in Assets:		
Accounts / Notes Receivable	(7,984.55)	20,833.63
Sales Tax Deposit	2,436.55	702.50
Increase (Decrease) in Liabilities:		
Accounts Payable	(15,324.64)	(3,895.43)
Customer Deposits	253.16	3,850.00
Accrued Liabilities	1,684.38	(23.05)
Net Cash Provided by (Used in) Operating Activities	291,164.32	213,984.07

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Noncash Capital and Related Financing Activities:		
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	474,787.75	0.00

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

COMPARATIVE STATEMENT OF NET POSITION

AUGUST 31, 2013 AND 2012

	2013	2012
Assets		
Cash	75,134.63	77,270.32
Notes Receivable	21,489.10	20,458.84
Total Assets	96,623.73	97,729.16
Liabilities		
Accounts Payable	1,250.00	2,500.00
Net Position		
Restricted for Program Purposes	95,373.73	95,229.16

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Operating Revenues		
Interest and Penalties - Notes Receivable	1,030.26	1,075.84
Total Operating Revenues	1,030.26	1,075.84
Operating Expenses		
Professional Services	1,250.00	1,250.00
Write-off of Uncollectable Loan	0.00	0.00
Total Operating Expenses	1,250.00	1,250.00
Operating Income (Loss)	(219.74)	(174.16)
Non-Operating Revenues		
Interest - Bank Account	364.31	613.92
Change in Net Position	144.57	439.76
Net Position at Beginning of Year	95,229.16	94,789.40
Net Position at End of Year	95,373.73	95,229.16

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Cash Received from Customers	0.00	1,230.36
Cash Payments for Goods and Services	(2,500.00)	0.00
Net Cash Provided (Used) by Operating Activities	(2,500.00)	1,230.36
Cash Flows from Investing Activities		
Earnings On Investments	364.31	613.92
Net Cash Flows From Investing Activities	364.31	613.92
Net Increase (Decrease) in Cash and Cash Equivalents	(2,135.69)	1,844.28
Cash at Beginning of Year	77,270.32	75,426.04
Cash at End of Year	75,134.63	77,270.32
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	(219.74)	(174.16)
Adjustments:		
(Increase) Decrease in Assets:		
Notes Receivable	(1,030.26)	154.52
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,250.00)	1,250.00
Net Cash Provided by (Used in) Operating Activities	(2,500.00)	1,230.36

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF NET POSITION AS OF JUNE 30, 2013

Assets	
Cash	75,085.52
Notes Receivable, Net of Allowance for Doubtful Accounts	21,308.11
Total Assets	96,393.63
Liabilities	
None	0.00
Net Position	
Restricted for Program Purposes	96,393.63

SPECIAL REPORTS

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

In accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the related notes to the financial statements of the City of Eatonton, Georgia, as of and for the year ended August 31, 2013. These collectively comprise the City's basic financial statements. We have issued our report thereon, dated February 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate, in the circumstances, 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.

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. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses that have not been identified, may exist. We did identify a deficiency that we consider to

be a significant deficiency. We consider the finding numbered as 2013-1, in the following Schedule of Findings and Responses, to be a significant deficiency.

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. However, 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 February 25, 2014.

City of Eatonton, Georgia, Response to Findings

The response of City of Eatonton officials, to the finding 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.

Purpose of this Report

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

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2014

City of Eatonton
Schedule of Findings, Questioned Costs and Responses
For the Year Ended August 31, 2013

Summary of Audit Results

Financial Statements		
Type of auditor's report issued:		unqualified
Internal Control over financial reporting		
Material weakness(es) identified?		no
Significant deficiency(ies), not considered to be a material weakness, identified?		yes
Noncompliance material to financial statements noted?		no
Federal Awards		
Internal control over major program:		
Material Weakness identified?		no
Significant deficiency(ies), not considered to be a material weakness, identified?		none reported
Type of auditor's report issued on compliance for major program:		unqualified
Any audit finding disclosed that are required to be reported in accordance with section 501(a) of Circular A-133 ?		no
Identification of major program:		
United States Department of Housing and Urban Development Community Development Block Grant	CFDA number	14.228
Dollar threshold used to distinguish between type A and type B programs:		$300,000
Auditee qualified as a low risk auditee?		no

Financial Statement Findings and Responses

2013-1
A: Basis of Accounting

This issue was noted in the prior year's audit.

Criteria: Basis of accounting determines when transactions are reported on the financial statements. Revenue from sales taxes should be recognized in the period in which the taxable sale takes place.

Condition: Sales tax proceeds were recorded in the period that they were received (cash basis). In addition, they were correctly accrued at the end of the previous accounting period. Because the accrual was not reversed, the revenues were recorded in both the previous and the current accounting periods.

Effect: Local option sales tax revenues and the offsetting receivable were overstated by $280,042. An audit adjustment was made to correct this misstatement.

Recommendation: Accrued revenues should be reversed in the following accounting period.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. To prevent similar misstatements in the future, accruals will be reversed as recommended.

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INDEPENDENT AUDITOR'S REPORT
On Compliance with Requirements Applicable To Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133

Honorable Mayor and Members of the City Council
Eatonton, Georgia

Report on Compliance for Each Major Program

We have audited the compliance of the City of Eatonton, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs, based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance, with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the City of Eatonton, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2013.

Report on Internal Control Over Compliance

City management is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2014

CITY OF EATONTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2013

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	OTHER IDENTIFYING NUMBER	EXPENDITURES	
U.S. Department of Housing and Urban Development				
Georgia Department of Community Affairs	14.228	11p-x-117-2-5390	446,055.51	
Total U.S. Department of Housing and Urban Development				446,055.51
U.S. Department of Justice - direct				
Public Safety Partnership and Community Policing Grants				
ARRA Community Oriented Policing Services Hiring Recovery Program	16.710	2009RKWX0290	7,473.29	
Total U.S. Department of Justice				7,473.29
U.S. Department of Transportation				
Georgia Department of Natural Resources	20.219	NRT-11(11)	8,085.00	
Total U.S. Department of Transportation				8,085.00
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Emergency Food and Shelter National Board Program	97.024		2,685.00	
Staffing for Adequate Emergency Response Grant- direct	97.044	EMW-2008-FF-00110	59,175.83	
Total U.S. Department of Homeland Security				61,860.83
Total Expenditures of Federal Awards				523,474.63

City of Eatonton, Georgia
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2013

Note A – Basis of Presentation

The preceding Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Eatonton (the City), Georgia, under programs of the federal government for the year ended August 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the City's operations, it is not intended to, and does not present the financial position, changes in net assets or cash flows.

Note B - Significant Accounting Policies

Basis of Presentation: Expenditures are reported on the accrual basis of accounting. Expenditures are recognized in accordance with the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Non-Cash Awards

The City did not receive or disburse any non-cash awards.

Note D – Subrecipients

The City did not provide federal awards to any subrecipients.

The City of Eatonton, Georgia
Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended August 31, 2013

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133:

None reported.

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, 2013. 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 3-I 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, through an intergovernmental agreement, specified allocation to the City) calling for the tax, for the year ended August 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2014

CITY OF EATONTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED

WITH SPECIAL SALES TAX PROCEEDS

FOR THE YEAR ENDED AUGUST 31, 2013

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Special Local Option Sales Tax Fund No. 1					
Roads, Bridges, Sidewalks	1,000,000.00	1,025,447.04	13.84	1,025,460.88	100%
Public Works Equipment	58,000.00	50,120.63	0.00	50,120.63	100%
Public Safety Equipment	475,000.00	481,513.34	0.00	481,513.34	100%
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	100%
Totals	2,583,000.00	2,601,081.01	13.84	2,601,094.85	
Special Local Option Sales Tax Fund No. 2					
Roads, Bridges, Sidewalks	1,775,000.00	212,764.71	111,179.62	323,944.33	18%
Public Works Equipment	305,000.00	0.00	38,912.00	38,912.00	13%
Public Safety Equipment	350,000.00	3,500.00	38,325.00	41,825.00	12%
Building Renovations	195,000.00	0.00	0.00	0.00	0%
Downtown Parking Lot	300,000.00	7,439.20	33,273.00	40,712.20	14%
City Park	100,000.00	0.00	0.00	0.00	0%
Natural Gas Line Extension	1,975,000.00	216,695.70	258,092.05	474,787.75	24%
Waste Water Improvements	1,000,000.00	0.00	0.00	0.00	0%
Totals	6,000,000.00	440,399.61	479,781.67	920,181.28	

Because the financial statements for the SPLOST # 2 Fund include Georgia Department of Transportation participation in road projects, the capital outlay expenditures reported therein differ from the current year expenditures reported on this schedule.