CITY OF EATONTON, GEORGIA

REPORT OF AUDIT

AUGUST 31, 2014

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

General Fund..... 32
Comparative Balance Sheet 33
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances 34
Schedule of Revenues - Budget and Actual 35
Schedule of Expenditures - Budget and Actual 36

TABLE OF CONTENTS CONTINUED

Special Revenue Funds 40
Major Special Revenue Fund
Capital Reserve Fund
Comparative Balance Sheet 41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 42
Nonmajor Special Revenue Funds
Combining Balance Sheet 43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 44
Hotel / Motel Tax Fund
Comparative Balance Sheet 45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 46
Police Condemnation Fund
Comparative Balance Sheet 47
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 48

Capital Projects Funds 49
Major Capital Projects Fund
Special Local Option Sales Tax Fund
Comparative Balance Sheet 50
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 51

Proprietary Funds 52
Major Enterprise Fund
Natural Gas Fund
Comparative Statement of Net Position 53
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position 54
Comparative Statement of Cash Flows 55
Comparative Statement of Noncash Activities 56
Nonmajor Enterprise Fund
Revolving Loan Fund
Comparative Statement of Net Position 57
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position 58
Comparative Statement of Cash Flows 59
Statement of Net Assets as of June 30, 2014 60

TABLE OF CONTENTS CONTINUED

SPECIAL REPORTS SECTION

Special Reports 61

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* 62

Independent Auditor's Report on Special One Percent Sales and Use Tax 64

Schedule of Projects Constructed with Special Sales Tax Proceeds 65

DAVID GIDDENS
CERTIFIED PUBLIC ACCOUNTANT
412 WEST MARION STREET
EATONTON, GEORGIA 31024
TELEPHONE (706)-485-5555

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, 2014. 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, 2013 financial statements; in our report dated February 25, 2014, 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, 2014. 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. This is not a required part of the basic financial statements.

The individual and combining statements are the responsibility of management. They were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 4, 2015, 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* in considering the City of Eatonton's internal control over financial reporting and compliance.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 4, 2015

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, 2014. 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 2014 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, monitoring routine expenditures and draw downs of accumulated fund balances have been necessary.

Steady reductions in sales tax revenues have been a predominate challenge. 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. Under the current agreement, between 2012 and 2021, the City's share declines from 47% to 31%

For over three decades, prior to this change in the sales tax allocations, the City had been able to roll back the ad valorem property tax rate to zero mills. For the last two years, ad valorem taxes were levied in order to maintain services. Property tax collections of this levy began in the fall of 2012. A 100% free port exemption on business inventories was adopted to attract companies to the City. For fiscal year 2014, the ad valorem property tax rate was rolled back to 7.5 mills.

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. Never-the-less, a private development group announced its intention to construct a new, centrally located, 62 unit workforce housing complex.

Additionally, the City's application for a zero percent United States Department of Agriculture Rural Economic Development Loan received approval. Loan proceeds will be used to assist a high tech 3-D training company, that recently relocated into the City's Opportunity Zone, in expanding its operations.

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

- A ribbon cutting for the Briarpatch Hike and Bike Trail Park was held in July 2014. The trail offers new recreational opportunities in the City. In 2015 additional grant funding will be requested from the Georgia Department of Natural Resources to extend the trail.
- Phase one of the new City Center parking lot neared completion at year end. This will provide ample downtown parking. Phase two, which should be completed in 2015, calls for the addition of a performance stage. Funding is provided by City special local option sales tax (SPLOST) revenues. Additionally, the Eatonton Downtown Development Authority obtained a One Georgia Grant for this project.

- Over the course of the year, the City began and nearly completed a 4.5 mile gas main extension to Rock Eagle Technology Park. Two commercial, manufacturing customers and multiple residential customers will soon be added to the system. This project has been supported with SPLOST proceeds.

Financial Highlights

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

- The City's assets exceeded its liabilities by $12,756,485 (net position) at fiscal year end. Total net position is composed of $6,646,616 for all governmental activities and $6,109,869 for all business-type activities.
- Over the course of this year, total net position increased by $211,915. This increase is the sum of an increase in the governmental activities net position of $169,491 and an increase in the business activities net position, $42,424.
- Total net position is comprised of the following:
    1. Capital assets of $9,272,143 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 $1,027,877, 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, $2,456,465, 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 a combining statement 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, are 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 32. Budgetary comparison schedules for the General Fund and each individual special revenue fund are found in this section of the report. These schedules depict 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 useful 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 five 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 is provided for major individual funds.

In reviewing the Summary of Net Position, it is clear that capital assets comprise the bulk of the City's assets and net position. Annual changes to these groups of assets is discussed in detail in the latter part of this report.

Current assets provide the funds needed to meet current liabilities. The adequacy of current assets may be evaluated by examining the current ratio, a comparison of current assets to current liabilities. Any surplus in excess of current liabilities is available to pay for on going operations. The current ratio of governmental activities was 1.9 at the 2014 year end; comparably, this ratio was the same, 1.9, at the 2013 year end. Business activities have a greater current ratio: 24.1 at the end of fiscal year 2014 as compared to 17.3 at the end of fiscal year 2013.

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. Current liabilities include routine obligations such as accounts and wages payable, customer deposits and estimates of current unused annual leave. In addition, current liabilities include the General Fund's over drafted cash position.

Certain previously stated amounts have been reclassified to conform with 2014 report classifications. Total assets and net position were unaffected.

Changes in net position are generated by various City activities. There are three funds that exert the most influence on the government-wide ***Summary of Revenues, Expenses and Changes in Net Assets***. They are the General Fund, the SPLOST Fund and the Natural Gas Fund. The activity in these funds is discussed in greater detail in following sections of this analysis.

Summary of Net Position

	August 31, 2014				August 31, 2013			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Assets:								
Current assets	1,551,573.48	2,165,822.02	3,717,395.50	26.9%	1,501,904.12	2,102,338.62	3,604,242.74	26.6%
Restricted assets	851,409.85	0.00	851,409.85	6.2%	851,237.34	0.00	851,237.34	6.3%
Capital assets net of accumulated depreciation	5,222,008.68	4,050,134.01	9,272,142.69	66.9%	4,999,146.71	4,105,924.68	9,105,071.39	67.1%
Total assets	7,624,992.01	6,215,956.03	13,840,948.04	100.0%	7,352,288.17	6,208,263.30	13,560,551.47	100.0%
Liabilities								
Current liabilities	819,369.68	89,814.44	909,184.12	83.9%	776,972.08	121,714.63	898,686.71	88.4%
Long-term liabilities	58,968.34	16,272.89	75,241.23	6.9%	68,125.18	19,104.28	87,229.46	8.6%
Total Liabilities	878,338.02	106,087.33	984,425.35	90.8%	845,097.26	140,818.91	985,916.17	97.0%
Deferred inflows of resources	100,038.15	0.00	100,038.15	9.2%	30,066.10	0.00	30,066.10	3.0%
Total liabilities and deferred inflows of resources	978,376.17	106,087.33	1,084,463.50	100.0%	875,163.36	140,818.91	1,015,982.27	100.0%
Net Position:								
Invested in capital assets	5,222,008.68	4,050,134.01	9,272,142.69	72.7%	4,999,146.71	4,105,924.68	9,105,071.39	72.6%
Restricted	932,430.21	95,446.68	1,027,876.89	8.1%	999,200.79	95,373.73	1,094,574.52	8.7%
Unassigned	492,176.95	1,964,288.01	2,456,464.96	19.2%	478,777.31	1,866,145.98	2,344,923.29	18.7%
Total Net Position	6,646,615.84	6,109,868.70	12,756,484.54	100.0%	6,477,124.81	6,067,444.39	12,544,569.20	100.0%

Summary of Revenues, Expenses and Changes in Net Position

	For the year ended August 31, 2014				For the year ended August 31, 2013			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Revenues								
Program:								
Charges for services	458,209.62	1,960,899.27	2,419,108.89	35.04%	500,533.09	1,614,701.79	2,115,234.88	33.19%
Operating grants	116,440.27	0.00	116,440.27	1.69%	143,982.41	0.00	143,982.41	2.26%
Capital grants	979,072.13	8.00	979,080.13	14.18%	1,261,630.48	0.00	1,261,630.48	19.80%
General								
Taxes	3,363,998.23	0.00	3,363,998.23	48.73%	2,821,366.67	0.00	2,821,366.67	44.27%
Other	19,524.39	5,431.82	24,956.21	0.36%	20,762.46	9,955.33	30,717.79	0.48%
Total Revenues	4,937,244.64	1,966,339.09	6,903,583.73	100.00%	4,748,275.11	1,624,657.12	6,372,932.23	100.00%
Program Expenses								
General government	841,575.67	0.00	841,575.67	12.58%	804,147.09	0.00	804,147.09	13.75%
Judicial	18,650.00	0.00	18,650.00	0.28%	18,140.21	0.00	18,140.21	0.31%
Public safety	1,894,388.00	0.00	1,894,388.00	28.30%	1,889,043.99	0.00	1,889,043.99	32.29%
Public works	1,802,403.18	0.00	1,802,403.18	26.93%	1,374,332.63	0.00	1,374,332.53	23.49%
Culture and recreation	185,285.52	0.00	185,285.52	2.77%	217,730.94	0.00	217,730.94	3.72%
Health and welfare	65,298.15	0.00	65,298.15	0.98%	0.00	0.00	0.00	0.00%
Housing and development	205,400.86	0.00	205,400.86	3.07%	158,897.93	0.00	158,897.93	2.72%
Natural Gas service	0.00	1,677,417.01	1,677,417.01	25.07%	0.00	1,386,476.29	1,386,476.29	23.70%
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	5,013,001.38	1,678,667.01	6,691,668.39	100.00%	4,462,292.79	1,387,726.29	5,850,919.08	100.00%
Excess revenues over expenses	(75,756.74)	287,672.08	211,915.34		285,982.32	236,930.83	522,913.15	
Transfer	245,247.77	(245,247.77)	0.00		(474,787.75)	474,787.75	0.00	
Change in Net Position	169,491.03	42,424.31	211,915.34		(188,805.43)	711,718.58	522,913.15	
Net Position at Beginning 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	
Net Position at End of Year	6,646,615.84	6,109,868.70	12,756,484.54		6,477,124.81	6,067,444.39	12,544,569.20	

Total revenues for both governmental and business-type activities increased in 2014, as did expenses in both cases. In governmental activities program revenues decreased; this was offset by increased general revenues. Business-type program revenues increased due to increased natural gas sales. Following three years of decreasing expenses, they moved upward in 2014. 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 the General Fund, the Capital Reserve Fund and the Natural Gas Fund on the following pages.

Governmental Funds

During fiscal year 2014, the City's governmental funds included the General Fund, three special revenue funds and one 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 32.

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

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	4,238,966.00	4,117,435.00	4,031,805.15	(85,629.85)	3,452,055.44
Total Expenditures	4,238,966.00	4,423,125.00	4,340,358.52	(82,766.48)	4,078,718.36
Excess (Deficiency) of Revenues	0.00	(305,690.00)	(308,553.37)	(2,863.37)	(626,662.92)
Operating Transfers In (Out)	0.00	305,690.00	305,690.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(2,863.37)	(2,863.37)	(626,662.92)
Fund Balance at Beginning of Year			54,570.40		681,233.32
Fund Balance at End of Year			51,707.03		54,570.40

Steadily declining revenues for the preceding five years have eroded the General Fund, fund balance. Although revenues increased in 2014, the fund balance continued to decline, although slightly. In addition to revenues, the fund balance was supported with an operating transfer from the Gas Fund. The decline occurred, none-the-less, because increased expenses exceeded the sum of revenues and the transfer.

Specifically, the amount of the annual increase in revenues is $579,750, or 16.8%. The increase is due, almost entirely, to an increased property tax levy. To offset decreasing sales taxes, property taxes were levied for fiscal

year 2013, for the first time in over two decades. Thus, fiscal year 2014 marked the second year of property tax collections. Local option sales tax (L.O.S.T.) collections, the General Fund's largest source of revenues continued to decline. Ongoing decline in this revenue source is anticipated, because the City's allocated portion (shared with Putnam County) will continue to decline. Variations in other income sources were offsetting and far less significant to the General Fund.

Expenses increased by $261,640, or 6.4%, after declining for three previous years. 2014 was typical in that the greatest portion of General Fund expenditures supports public safety (43%) and public works (28%). During this year all service areas show increased spending. Greatest increases were for the services provided for public works, health and welfare, and culture and recreation. Through their efforts, public works frequently contribute in-kind services to other government efforts. A new program providing meals and activities for senior citizens increased expenses in health and welfare. A portion of these costs was offset by grant funding. Capital costs for expansion of a park increased expenses in culture and recreation. Here, also, grant funds offset some of these costs.

During the year, the budget was adjusted to reflect actualities. As may be expected, variations occurred between budget amounts and actual results. Expenditures exceeded the final budget in only one service function, public works. This occurred as the result of an oversight regarding the misclassification of expenditures. All-in-all, total general fund expenditures were less than budgeted amounts.

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 three 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

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	0.00	0.00	6,051.36	6,051.36	8,466.47
Total Expenditures	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	6,051.36	6,051.36	8,466.47
Fund Balance At Beginning of Year			1,003,603.67		995,137.20
Fund Balance At End of Year			1,009,655.03		1,003,603.67

For several years, as the Capital Reserve Fund's certificates of deposit matured, they renewed at lower interest rates. Thus, revenues have steadily declined. Consequently, no expenditures were budgeted or made from this fund. The Capital Reserve Fund Financial Statements may be found beginning on page 41.

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 nonmajor special revenue funds, $23,315, comprise just 1.6% of total governmental fund balances. Combining and individual fund financial statements begin on page 43.

- 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 2014. Financial statements of the Hotel / Motel Tax Fund begin on page 45.

- 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 47.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources that 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 required only one capital projects fund to account for the intergovernmental revenues generated by sales tax proceeds.

That fund is the **Special Purpose Local Option Sales Tax (SPLOST) Fund**. It is a major fund. In previous years, when the City was accounting for the proceeds of two special sales tax referendums, this fund was named the SPLOST #2 Fund. This fund is used to account for special purpose local option sales taxes which are collected as a result of a voter approved, county resolution. Proceeds are shared with the City for municipal projects, as specified in separate intergovernmental agreement. Consequently, expenditures are made in accordance with this agreement, and the fund balance is reserved for specified projects. In addition to the SPLOST Fund financial statements, beginning on page 50, a schedule of projects constructed with special sales tax proceeds may be found on page 65, and summary information may be found in the notes to the financial statements, note 3-I.

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 2014, SPLOST Fund proceeds were used to:

- support local road improvement and drainage projects;
- extend the natural gas services to a technical park;
- purchase a used heavy duty truck and a used tractor for public works;

- purchase two used vehicles for police service;
- assist with construction of downtown parking spaces;
- support waste water system improvements through grants to the Eatonton-Putnam Water and Sewer Authority.

During the economic down turn of recent years, sales tax collections have fallen short of projections

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 delivery of natural gas to consumers. The City does this by constructing and maintaining infrastructure and by managing customer accounts. Financial statements may be found beginning on page 53. 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

	2014	2013
Operating Revenues	1,960,899.27	1,616,328.05
Operating Expenses	1,677,417.01	1,386,476.29
Operating Income (Loss)	283,482.26	229,851.76
Non-operating Revenues (Expenses)	4,108.87	6,934.50
Transfer from SPLOST # 2 Fund	60,442.23	474,787.75
Donation of Property	8.00	0.00
Transfer to the General Fund	(305,690.00)	0.00
Change in Net Position	42,351.36	711,574.01
Net Position at Beginning of Year	5,972,070.66	5,260,496.65
Net Position at End of Year	6,014,422.02	5,972,070.66

As is typical, natural gas sales generated approximately 97% of 2014 Gas Fund operating revenues. Because gas usage is largely determined by residential and commercial heating needs, sales fluctuate with the weather. The 2013 - 2014 winter included some very cold weather which stimulated sales. Annual sales were up 21%. In addition to increased sales volume, gas rates increased modestly during this year. Despite the modest increase in rates, the City was recognized by the Municipal Gas Authority for the low retail rates charged to customers. While the wholesale cost of natural gas increased by 26.7%, retail sales of the same quantity of gas increased by 21%, indicating that the City absorbed part of the cost increases.

At the same time, increased operating expenses, of 21%, offset increased sales. In addition to increased gas costs, maintenance and repairs, depreciation and supplies also increased notably. Of these, the increase in depreciation was predictable, because a major line extension was placed into service near the end of fiscal year 2013.

After completing the extension in 2013, infrastructure construction continued in 2014. The newest line will deliver gas north of the City to a technology park. Like the previous Lake Oconee extension, this project is supported in part with SPLOST proceeds. As a result, neither project required taking on debt.

Gas Fund annual operating income increased by 23%. To this was added the SPLOST proceeds used for line construction. From this, a transfer of $303,690 was made to the General Fund in recognition of the administrative services provided by the general government. Overall, the increase in net position was $42,351.

A stabilization funds policy designates 10% of total budgeted operating expenses for stabilization. Thus, $194,188 of net position 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 57. In addition, details on loan activity may be found in the notes to the financial statements, note 4-H.

During fiscal year 2014, 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	
	8/31/2014	8/31/2013	8/31/2014	8/31/2013	8/31/2014	8/31/2013
Total non-depreciable assets	801,481.62	370,261.10	126,363.75	71,581.02	927,845.37	441,842.12
Total depreciable assets	7,646,643.18	7,494,388.02	6,525,225.26	6,518,207.76	14,171,868.44	14,012,595.78
Less accumulated depreciation	3,226,116.12	2,865,502.41	2,601,455.00	2,483,864.10	5,827,571.12	5,349,366.51
Book value - depreciable assets	4,420,527.06	4,628,885.61	3,923,770.26	4,034,343.66	8,344,297.32	8,663,229.27
Percentage depreciated	42.2%	38.2%	39.9%	38.1%	41.1%	38.2%
Book value assets	5,222,008.68	4,999,146.71	4,050,134.01	4,105,924.68	9,272,142.69	9,105,071.39

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.

Capital assets increased in both governmental and business activities. SPLOST proceeds were used to pay for the majority of these assets, including capital improvements to roads, construction in process for a downtown parking lot, trucks, a tractor and construction in process for a gas line extension.

In addition to those assets, the City governmental activities received donations of real estate. These included a state prison facility, a commercial lot and a residential lot. Governmental activities also increased with construction in process for a new park. Grant funding is supporting this project.

Business capital assets are entirely the assets of the Natural Gas Fund. As noted previously, the Gas Fund is constructing a new service main. In addition, two used trucks were purchased for use in the gas enterprise.

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, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Current Assets:				
Cash	462,411.33	1,335,188.82	1,797,600.15	191,279.06
Receivables				
Accounts, Net of Allowance for Doubtful Accounts	21,782.58	36,397.27	58,179.85	0.00
Taxes	134,985.42	0.00	134,985.42	0.00
Note	0.00	22,431.11	22,431.11	0.00
Intergovernmental	229,894.15	0.00	229,894.15	0.00
Time Certificates of Deposit	702,500.00	771,804.82	1,474,304.82	0.00
Restricted Assets	851,409.85	0.00	851,409.85	0.00
Capital Assets:				
Nondepreciable Capital Assets	801,481.62	126,363.75	927,845.37	251,075.64
Depreciable Capital Assets, Net Accumulated Depreciation	4,420,527.06	3,923,770.26	8,344,297.32	0.00
Total Assets	7,624,992.01	6,215,956.03	13,840,948.04	442,354.70
Liabilities				
Current Liabilities:				
Cash Overdraft	485,849.79	0.00	485,849.79	0.00
Accounts Payable	252,598.91	20,737.77	273,336.68	0.00
Accrued Wages	18,501.44	0.00	18,501.44	0.00
Deposits	47,677.45	65,008.44	112,685.89	0.00
Compensated Absences Payable	14,742.08	4,068.23	18,810.32	0.00
Non-current Liabilities				
Compensated Absences Payable	58,968.34	16,272.89	75,241.23	0.00
Total Liabilities	878,338.02	106,087.33	984,425.35	0.00
Deferred Inflow of Property Taxes	100,038.15	0.00	100,038.15	0.00
Total Liabilities and Deferred Inflows of Resources	978,376.17	106,087.33	1,084,463.50	0.00
Net Position				
Invested in Capital Assets	5,222,008.68	4,050,134.01	9,272,142.69	251,075.64
Restricted for Capital Outlay	413,640.37	0.00	413,640.37	0.00
Restricted for Emergencies	500,000.00	0.00	500,000.00	0.00
Restricted for Program Purposes	18,789.84	95,446.68	114,236.52	150,257.57
Unrestricted	492,176.95	1,964,288.01	2,456,464.96	41,021.49
Total Net Position	6,646,615.84	6,109,868.70	12,756,484.54	442,354.70

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

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	841,575.67	3,151.15	15,632.99	240,000.00	(582,791.53)	0.00	(582,791.53)	0.00
Judicial	18,650.00	0.00	0.00	0.00	(18,650.00)	0.00	(18,650.00)	0.00
Public Safety	1,894,388.00	147,020.99	30,218.41	5,491.15	(1,711,657.45)	0.00	(1,711,657.45)	0.00
Public Works	1,802,403.18	210,340.48	0.00	641,665.98	(950,396.72)	0.00	(950,396.72)	0.00
Health and Welfare	65,298.15	0.00	70,588.87	0.00	5,290.72	0.00	5,290.72	0.00
Culture and Recreation	185,285.52	15,426.00	0.00	91,915.00	(77,944.52)	0.00	(77,944.52)	0.00
Housing and Development	205,400.86	82,271.00	0.00	0.00	(123,129.86)	0.00	(123,129.86)	0.00
Total Governmental Activities	5,013,001.38	458,209.62	116,440.27	979,072.13	(3,459,279.36)	0.00	(3,459,279.36)	0.00
Business-Type Activities:								
Natural Gas Service	1,677,417.01	1,960,899.27	0.00	8.00	0.00	283,490.26	283,490.26	0.00
Employment Incentive Financing	1,250.00	1,092.01	0.00	0.00	0.00	(157.99)	(157.99)	0.00
Total Business-Type Activities	1,678,667.01	1,961,991.28	0.00	8.00	0.00	283,332.27	283,332.27	0.00
Total Activities	6,691,668.39	2,420,200.90	116,440.27	979,080.13	(3,459,279.36)	283,332.27	(3,175,947.09)	0.00
Component Unit	104,995.28	2,570.00	96,330.00	148,000.00	0.00	0.00	0.00	141,904.72
General Revenues								
Sales Taxes					1,230,893.87	0.00	1,230,893.87	0.00
Property Taxes					1,182,899.53	0.00	1,182,899.53	0.00
Other Taxes					950,204.83	0.00	950,204.83	0.00
Interest Earnings					13,207.24	4,339.81	17,547.05	0.00
Other					6,317.15	0.00	6,317.15	0.00
Total General Revenues					3,383,522.62	4,339.81	3,387,862.43	0.00
Transfer					245,247.77	(245,247.77)	0.00	0.00
Total General Revenues and Transfer					3,628,770.39	(240,907.96)	3,387,862.43	0.00
Change in Net Position					169,491.03	42,424.31	211,915.34	141,904.72
Net Position at Beginning of Year					6,477,124.81	6,067,444.39	12,544,569.20	300,449.98
Net Position at End of Year					6,646,615.84	6,109,868.70	12,756,484.54	442,354.70

The accompanying Notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

BALANCE SHEET

AUGUST 31, 2014

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Current Assets:					
Cash	0.00	22,155.03	416,420.37	23,835.93	462,411.33
Receivables:					
Accounts, Net of Allowance for Doubtful Accounts	21,782.58	0.00	0.00	0.00	21,782.58
Taxes, Net of Allowance for Doubtful Accounts	134,006.19	0.00	0.00	979.23	134,985.42
Interfund	1,500.00	0.00	0.00	0.00	1,500.00
Intergovernmental	229,894.15	0.00	0.00	0.00	229,894.15
Time Certificates of Deposit	215,000.00	487,500.00	0.00	0.00	702,500.00
Restricted Assets:					
Time Certificates of Deposit	351,409.85	500,000.00	0.00	0.00	851,409.85
Total Assets	953,592.77	1,009,655.03	416,420.37	24,815.16	2,404,483.33
Liabilities and Fund Balances					
Liabilities:					
Cash Overdraft	485,849.79	0.00	0.00	0.00	485,849.79
Accounts Payable	249,818.91	0.00	2,780.00	0.00	252,598.91
Accrued Wages	18,501.44	0.00	0.00	0.00	18,501.44
Interfund	0.00	0.00	0.00	1,500.00	1,500.00
Deposit	47,677.45	0.00	0.00	0.00	47,677.45
Total Liabilities	801,847.59	0.00	2,780.00	1,500.00	806,127.59
Deferred Inflow of Property Taxes	100,038.15	0.00	0.00	0.00	100,038.15
Total Liabilities and Deferred Inflows of Resources	901,885.74	0.00	2,780.00	1,500.00	906,165.74
Fund Balance:					
Restricted	0.00	500,000.00	413,640.37	18,789.84	932,430.21
Committed	351,409.85	509,655.03	0.00	0.00	861,064.88
Assigned	0.00	0.00	0.00	4,525.32	4,525.32
Unassigned	(299,702.82)	0.00	0.00	0.00	(299,702.82)
Total Fund Balance	51,707.03	1,009,655.03	413,640.37	23,315.16	1,498,317.59
Total Liabilities and Fund Balance	953,592.77	1,009,655.03	416,420.37	24,815.16	2,404,483.33

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, 2014

Total Governmental Fund Balances		1,498,317.59
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	8,448,124.80	
Less accumulated depreciation	(3,226,116.12)	5,222,008.68
Compensated absences are not due and payable in the current period and therefore are not reported in the funds:		(73,710.43)
Net Position of Governmental Activities		6,646,615.84

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, 2014

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	3,360,049.78	0.00	0.00	10,265.60	3,370,315.38
Licenses and Permits	82,271.00	0.00	0.00	0.00	82,271.00
Intergovernmental	207,475.83	0.00	647,157.13	0.00	854,632.96
Charges for Services	228,917.63	0.00	0.00	0.00	228,917.63
Fines and Forfeitures	146,820.99	0.00	0.00	200.00	147,020.99
Other	6,269.92	6,051.36	1,681.66	83.74	14,086.68
Total Revenues	4,031,805.15	6,051.36	648,838.79	10,549.34	4,697,244.64
Expenditures					
Current:					
General Government	813,964.65	0.00	0.00	0.00	813,964.65
Judicial	18,650.00	0.00	0.00	0.00	18,650.00
Public Safety	1,853,776.41	0.00	0.00	6,719.06	1,860,495.47
Public Works	1,212,046.77	0.00	0.00	0.00	1,212,046.77
Health and Welfare	65,298.15	0.00	0.00	0.00	65,298.15
Culture and Recreation	227,370.89	0.00	0.00	0.00	227,370.89
Housing and Development	149,251.65	0.00	0.00	11,500.00	160,751.65
Capital Outlay	0.00	0.00	707,674.05	1,500.00	709,174.05
Total Expenditures	4,340,358.52	0.00	707,674.05	19,719.06	5,067,751.63
Excess (Deficiency) of Revenues	(308,553.37)	6,051.36	(58,835.26)	(9,169.72)	(370,506.99)
Other Financing Sources (Uses)					
Transfer In	305,690.00	0.00	0.00	0.00	305,690.00
Net Change in Fund Balance	(2,863.37)	6,051.36	(58,835.26)	(9,169.72)	(64,816.99)
Fund Balance at Beginning of Year	54,570.40	1,003,603.67	472,475.63	32,484.88	1,563,134.58
Fund Balance at End of Year	51,707.03	1,009,655.03	413,640.37	23,315.16	1,498,317.59

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, 2014

Net Changes in Fund Balances - Total Governmental Funds			(64,816.99)
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	(464,633.86)	
	Loss on disposal of capital asset	(6,375.53)	
	Cost of capital assets acquired	693,871.36	222,861.97
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 8/31/13	85,156.48	
	Liability at 8/31/14	(73,710.43)	11,446.05
Change in Net Position of Governmental Activities			169,491.03

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, 2014

	General Fund				Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues								
Taxes	3,663,252.00	3,357,562.00	3,360,049.78	2,487.78	0.00	0.00	0.00	0.00
Licenses and Permits	75,000.00	75,000.00	82,271.00	7,271.00	0.00	0.00	0.00	0.00
Intergovernmental Revenues	10,000.00	184,159.00	207,475.83	23,316.83	0.00	0.00	0.00	0.00
Charges for Services	219,701.00	219,701.00	228,917.63	9,216.63	0.00	0.00	0.00	0.00
Fines and Forfeitures	250,000.00	250,000.00	146,820.99	(103,179.01)	0.00	0.00	0.00	0.00
Other	21,013.00	31,013.00	6,269.92	(24,743.08)	0.00	0.00	6,051.36	6,051.36
Total Revenues	4,238,966.00	4,117,435.00	4,031,805.15	(85,629.85)	0.00	0.00	6,051.36	6,051.36
Expenditures								
General Government	915,486.00	851,321.00	813,964.65	(37,356.35)	0.00	0.00	0.00	0.00
Judicial	18,800.00	18,800.00	18,650.00	(150.00)	0.00	0.00	0.00	0.00
Public Safety	1,852,535.00	1,923,035.00	1,853,776.41	(69,258.59)	0.00	0.00	0.00	0.00
Public Works	1,162,429.00	1,157,429.00	1,212,046.77	54,617.77	0.00	0.00	0.00	0.00
Health and Welfare	11,782.00	85,941.00	65,298.15	(20,642.85)	0.00	0.00	0.00	0.00
Culture and Recreation	127,000.00	234,000.00	227,370.89	(6,629.11)	0.00	0.00	0.00	0.00
Housing and Development	150,934.00	152,599.00	149,251.65	(3,347.35)	0.00	0.00	0.00	0.00
Total Expenditures	4,238,966.00	4,423,125.00	4,340,358.52	(82,766.48)	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures	0.00	(305,690.00)	(308,553.37)	(2,863.37)	0.00	0.00	6,051.36	6,051.36
Other Financing Sources (Uses)								
Transfers In	0.00	305,690.00	305,690.00	0.00	0.00	0.00	0.00	0.00
Net Other Financing Sources	0.00	305,690.00	305,690.00	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(2,863.37)	(2,863.37)	0.00	0.00	6,051.36	6,051.36
Fund Balance at Beginning of Year			54,570.40				1,003,603.67	
Fund Balance at End of Year			51,707.03				1,009,655.03	

The accompanying notes are an integral part of this statement

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

AUGUST 31, 2014

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Assets			
Current Assets			
Cash	1,260,923.25	74,265.57	1,335,188.82
Time Certificates of Deposit	391,342.39	0.00	391,342.39
Accounts Receivable, Net of Allowance for Doubtful Accounts	36,397.27	0.00	36,397.27
Note Receivable	0.00	22,431.11	22,431.11
Time Certificates of Deposit, Customer Deposits	380,462.43	0.00	380,462.43
Total Current Assets	2,069,125.34	96,696.68	2,165,822.02
Noncurrent Assets			
Capital Assets:			
Nondepreciable	126,363.75	0.00	126,363.75
Depreciable, Net Accumulated Depreciation	3,923,770.26	0.00	3,923,770.26
Total Noncurrent Assets	4,050,134.01	0.00	4,050,134.01
Total Assets	6,119,259.35	96,696.68	6,215,956.03
Liabilities			
Current Liabilities			
Accounts Payable	19,487.77	1,250.00	20,737.77
Customer Deposits	65,008.44	0.00	65,008.44
Current Portion of Compensated Absences Payable	4,068.23	0.00	4,068.23
Total Current Liabilities	88,564.44	1,250.00	89,814.44
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	16,272.89	0.00	16,272.89
Total Liabilities	104,837.33	1,250.00	106,087.33
Net Position			
Investment in Capital Assets	4,050,134.01	0.00	4,050,134.01
Restricted for Program Purposes	0.00	95,446.68	95,446.68
Unrestricted	1,964,288.01	0.00	1,964,288.01
Total Net Position	6,014,422.02	95,446.68	6,109,868.70

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, 2014

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Operating Revenues			
Charges for Sales and Services	1,957,449.94	1,092.01	1,958,541.95
Miscellaneous	3,449.33	0.00	3,449.33
Total Operating Revenues	1,960,899.27	1,092.01	1,961,991.28
Operating Expenses			
Cost of Natural Gas	923,843.87	0.00	923,843.87
Personnel Services and Employee Benefits	348,951.79	0.00	348,951.79
Professional Services	35,490.58	1,250.00	36,740.58
Maintenance and Repairs	92,804.83	0.00	92,804.83
Depreciation Expense	117,590.90	0.00	117,590.90
Insurance	9,977.72	0.00	9,977.72
Communications	27,704.50	0.00	27,704.50
Supplies, Hardware and Small Equipment	55,461.35	0.00	55,461.35
Gasoline	21,526.62	0.00	21,526.62
Utilities	9,618.46	0.00	9,618.46
Taxes	28,218.50	0.00	28,218.50
Other	6,227.89	0.00	6,227.89
Total Operating Expenses	1,677,417.01	1,250.00	1,678,667.01
Operating Income (Loss)	283,482.26	(157.99)	283,324.27
Non-Operating Revenues (Expenses)			
Interest Income	4,108.87	230.94	4,339.81
Net Income Before Transfers	287,591.13	72.95	287,664.08
Transfer from SPLOST # 2 Fund	60,442.23	0.00	60,442.23
Donation of Property	8.00	0.00	8.00
Transfer to the General Fund	(305,690.00)	0.00	(305,690.00)
Change in Net Position	42,351.36	72.95	42,424.31
Net Position at Beginning of Year	5,972,070.66	95,373.73	6,067,444.39
Net Position at End of Year	6,014,422.02	95,446.68	6,109,868.70

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, 2014

	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	1,916,465.34	150.00	1,916,615.34
Cash Payments for Personnel Services	(352,491.02)	0.00	(352,491.02)
Cash Payments for Goods and Services	(1,207,507.72)	(1,250.00)	(1,208,757.72)
Net Cash Provided (Used) by Operating Activities	356,466.60	(1,100.00)	355,366.60
Cash Flows from Noncapital Financing Activities			
Operating Transfer to the General Fund	(305,690.00)	0.00	(305,690.00)
Net Cash Provided (Used) by Noncapital Financing Activities	(305,690.00)	0.00	(305,690.00)
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(1,350.00)	0.00	(1,350.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,350.00)	0.00	(1,350.00)
Cash Flows from Investing Activities			
Earnings On Investments	4,108.87	230.94	4,339.81
(Increase) Decrease in Investments	(3,695.17)	0.00	(3,695.17)
Net Cash Flows From Investing Activities	413.70	230.94	644.64
Net Increase (Decrease) in Cash	49,840.30	(869.06)	48,971.24
Cash at Beginning of Year	1,211,082.95	75,134.63	1,286,217.58
Cash at End of Year	1,260,923.25	74,265.57	1,335,188.82
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	283,482.26	(157.99)	283,324.27
Adjustments:			
Depreciation	117,590.90	0.00	117,590.90
(Increase) Decrease in Assets:			
Accounts / Notes Receivable	(9,874.98)	(942.01)	(10,816.99)
Increase (Decrease) in Liabilities:			
Accounts Payable	3,366.60	0.00	3,366.60
Customer Deposits	(34,558.95)	0.00	(34,558.95)
Accrued Liabilities	(3,539.23)	0.00	(3,539.23)
Net Cash Provided by (Used in) Operating Activities	356,466.60	(1,100.00)	355,366.60

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

Noncash Capital and Related Financing Activities:			
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	60,442.23	0.00	60,442.23
Donations of Rights of Way	8.00	0.00	8.00
	60,450.23	0.00	60,450.23

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
- Changes in Fund Presentations 2-C
- Report Classifications 2-D

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 fund 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,*** 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 1)
- 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 resolutions, assets are restricted for capital expenditures in the General Fund and for capital preservation in the Capital Reserve 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-H-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 $194,198 at August 31, 2014. 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 for the Public Works Department in the General Fund. This occurred as the result of a misclassification of expenditures. This failure was an oversight; it is not expected or intended to reoccur.

2-C. Changes in Fund Presentation

Three funds were presented in the City's August 31, 2013, audit report that are not presented in this report, because it is unnecessary to do so. A special revenue fund, the Youth Services Grant Fund, had no financial activity during the current year. Similarly, two capital projects funds, the Special Local Option Sales Tax Fund,

Note 2 – Stewardship, Compliance and Accountability (continued)

#1 and the Community Development Block Grant Fund, #7, expended all funding in the previous year and their projects are completed.

2-D. Report Classifications

Certain previously reported amounts have been reclassified to conform to fiscal year 2014 report classifications.

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.

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, 2014, 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, 2014 are in the form of bank certificates of deposit. Certificates with maturity periods greater than 90 days are classified as investments.

At August 31, 2014, 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, 2014, consisted of taxes, accounts, notes and intergovernmental receivables arising from hotel/motel tax collections, property tax collections, sales tax collections, utility service accounts and notes receivable. 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, 2014 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:	8/31/2013	Additions	Deductions	8/31/2014
Capital assets not being depreciated:				
Land	267,545.90	65,000.00	0.00	332,545.90
Construction in progress	102,715.20	366,220.52	0.00	468,935.72
Total non-depreciable capital assets	370,261.10	431,220.52	0.00	801,481.62
Depreciable capital assets:				
Buildings and improvements	2,614,001.34	175,000.00	0.00	2,789,001.34
Furniture, fixtures, machinery and equipment	1,330,577.29	34,483.65	(110,395.68)	1,254,665.26
Infrastructure	3,549,809.39	53,167.19	0.00	3,602,976.58
Total depreciable capital assets	7,494,388.02	262,650.84	(110,395.68)	7,646,643.18
Total capital assets	7,864,649.12	693,871.36	(110,395.68)	8,448,124.80
Accumulated depreciation:				
Buildings and improvements	800,984.15	103,907.11	0.00	904,891.26
Furniture, fixtures, machinery and equipment	1,009,999.12	69,746.19	(104,020.15)	975,725.16
Infrastructure	1,054,519.14	290,980.56	0.00	1,345,499.70
Total accumulated depreciation	2,865,502.41	464,633.86	(104,020.15)	3,226,116.12
Governmental activities capital assets, net	4,999,146.71	229,237.50	(6,375.53)	5,222,008.68

Component Unit: Eatonton Downtown Development Authority
Changes in Capital Assets

	8/31/2013	Additions	Deductions	8/31/2014
Capital assets not being depreciated:				
Land	251,075.64	0.00	0.00	251,075.64
Construction in progress	24,985.00	0.00	(24,985.00)	0.00
Total non-depreciable capital assets	276,060.64	0.00	(24,985.00)	251,075.64

The component unit's land asset is not depreciated.

Governmental Activities Depreciation Expense	
General Government	41,389.16
Public Safety	33,309.14
Public Works	280,302.49
Culture and Recreation	65,173.05
Housing and Development	14,460.02
Total Governmental Activities Depreciation Expense	464,633.86

Note 3 - Detailed Notes on All Funds (continued)

Changes in Proprietary Funds Capital Assets

Business-type activities:	8/31/2013	Additions	Deductions	8/31/2014
Capital assets not being depreciated:				
Land	48,505.00	8,508.00	0.00	57,013.00
Intangible Assets	18,424.00	46,274.73	0.00	64,698.73
Construction in progress	4,652.02	0.00	0.00	4,652.02
Total non-depreciable capital assets	71,581.02	54,782.73	0.00	126,363.75
Depreciable capital assets:				
Furniture, fixtures, machinery and equipment	356,934.07	0.00	0.00	356,934.07
Infrastructure	6,161,273.69	7,017.50	0.00	6,168,291.19
Total depreciable capital assets	6,518,207.76	7,017.50	0.00	6,525,225.26
Total capital assets	6,589,788.78	61,800.23	0.00	6,651,589.01
Accumulated depreciation:				
Furniture, fixtures, machinery and equipment	311,213.10	16,460.74	0.00	327,673.84
Infrastructure	2,172,651.00	101,130.16	0.00	2,273,781.16
Total accumulated depreciation	2,483,864.10	117,590.90	0.00	2,601,455.00
Business-type activities capital assets, net	4,105,924.68	(55,790.67)	0.00	4,050,134.01

3-D. – Interfund Balances and Transfers

Interfund Balances – Interfund balances represent reimbursable expenses. As the governmental funds balance sheet shows, there was an outstanding interfund balance at August 31, 2014. At that time, the Police Condemnation Fund had not yet reimbursed the General Fund for a purchase made through the General Fund.

Interfund Transfers – Two interfund transfers were made during the year ended August 31, 2014. Firstly, the cost of a capital asset purchased through the SPLOST Fund, $60,442.23, was transferred to the Natural Gas Fund. Secondly, the Natural Gas Fund made an operating transfer of $305,690 to the General Fund.

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, 2014

	8/31/2013 Obligation	+ Additions	- Reductions	= 8/31/2014 Obligation	= 8/31/2014 Current	+ 8/31/2014 Long Term
General Fund	85,156.48	1,998.89	13,444.94	73,710.43	14,742.09	58,968.34
Natural Gas Fund	23,880.35	0.00	3,539.23	20,341.12	4,068.23	16,272.89
Totals	109,036.83	1,998.89	16,984.17	94,051.55	18,810.32	75,241.23

Note 3 – Detailed Notes on All Funds (continued)

3-F. Defined Benefit Pension Plan

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

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

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

Annual Pension Cost. The recommended contribution at January 1, 2013, for the City's fiscal year ending August 31, 2014, was $196,412. The recommended contribution represents 11.29 percent of expected payroll. The total valuation payroll for this period was $1,700,334; the total payroll for the City's fiscal year ending August 31, 2014 was $2,070,698. 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, 2014 annual pension cost.

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%
January 1, 2013	August 31, 2014	196,412	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, 2013

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 20% of market value.
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, 10 years for temporary retirement incentive programs, 20 years for other changes to 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. Trend information for the City's PERS is presented below. Multiyear trend information presents information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

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%
1/1/13	2,745,663	3,215,525	469,862	85.4	1,700,334	27.63%

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, 2014 is determined as follows:

	Governmental Activities	Business Type Activities	Total
Cost of capital assets	8,448,124.80	6,651,589.01	15,099,713.81
Less accumulated depreciation	3,226,116.12	2,601,455.00	5,827,571.12
Net investment in capital assets	5,222,008.68	4,050,134.01	9,272,142.69

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	351,409.85
Unassigned	(299,702.82)
	51,707.03
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	509,655.03
Police Condemnation Fund	
Restricted by law for law enforcement equipment and supplies	18,789.84
Hotel / Motel Tax Fund assigned for development	4,525.32
	1,032,970.19
Capital Projects Funds	
Special Local Option Sales Tax Fund	
Restricted by referendum for capital outlay	413,640.37
	1,498,317.59

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

A county-wide referendum authorizing collection of a one percent, special local option sales tax provides for municipal projects through an intergovernmental agreement. The proceeds of the current tax are accounted for in the SPLOST Fund. In accordance with the referendum, proceeds 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. All debt was explicitly assumed by the Authority, according to the terms of the contract signed by the two governments.

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.

Note 4 - Other Notes (continued)

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, 2014, was $1,963,242.

Litigation

In the opinion of the City attorney, there were no legal actions in progress by or against the City at August 31, 2014, that would have a material effect on its financial position.

4-C. Applicability of the Single Audit Act

A single audit was not required or performed for the fiscal year ended August 31, 2014.

4-D. Property Taxes and Local Option Sales Tax

The City levied property taxes on September 3, 2013. All property taxes were due by December 20, 2013. 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, 2014, the City paid $6,480 in dues.

Note 4 - Other Notes (continued)

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-II. Notes Receivable – Revolving Loan Fund

At August 31, 2014, 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, 2014

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, 2014 is	22,431.11

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	10,265.60
Services contracted with the Chamber of Commerce	(11,500.00)
Decrease in Fund Balance	(1,234.40)

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, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Receivables:		
Accounts, Net of Allowance for Doubtful Accounts	21,782.58	16,384.42
Property Taxes, Net of Allowance for Doubtful Accounts	134,006.19	57,571.70
Grants	0.00	12,762.76
Intergovernmental	229,894.15	191,621.06
Interfund	1,500.00	0.00
Time Certificates of Deposit	215,000.00	215,000.00
Restricted Assets:		
Time Certificates of Deposit	351,409.85	351,237.34
Total Assets	953,592.77	844,577.28
Liabilities, Deferred Inflow of Resources, Fund Balance		
Liabilities:		
Cash Overdraft	485,849.79	548,035.72
Accounts Payable	249,818.91	148,773.15
Accrued Wages and Related Liabilities	18,501.44	21,427.82
Deposits	47,677.45	41,704.09
Total Liabilities	801,847.59	759,940.78
Deferred Inflow of Property Taxes	100,038.15	30,066.10
Total Liabilities and Deferred Inflows of Resources	901,885.74	790,006.88
Fund Balance:		
Committed for Capital Outlay	351,409.85	351,237.34
Unassigned	(299,702.82)	(296,666.94)
Total Fund Balance	51,707.03	54,570.40
Total Liabilities, Deferred Inflows of Resources and Fund Balance	953,592.77	844,577.28

CITY OF EATONTON, GEORGIA

GENERAL FUND

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

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes	3,663,252.00	3,357,562.00	3,360,049.78	2,487.78	2,814,562.09
Licenses and Permits	75,000.00	75,000.00	82,271.00	7,271.00	80,966.50
Intergovernmental Revenues	10,000.00	184,159.00	207,475.83	23,316.83	141,297.41
Charges for Services	219,701.00	219,701.00	228,917.63	9,216.63	227,994.10
Fines and Forfeitures	250,000.00	250,000.00	146,820.99	(103,179.01)	169,218.16
Other	21,013.00	31,013.00	6,269.92	(24,743.08)	18,017.18
Total Revenues	4,238,966.00	4,117,435.00	4,031,805.15	(85,629.85)	3,452,055.44
Expenditures					
Current:					
General Government	915,486.00	851,321.00	813,964.65	(37,356.35)	759,558.74
Judicial	18,800.00	18,800.00	18,650.00	(150.00)	18,140.21
Public Safety	1,852,535.00	1,923,035.00	1,853,776.41	(69,258.59)	1,848,152.32
Public Works	1,162,429.00	1,157,429.00	1,212,046.77	54,617.77	1,155,041.40
Health and Welfare	11,782.00	85,941.00	65,298.15	(20,642.85)	0.00
Culture and Recreation	127,000.00	234,000.00	227,370.89	(6,629.11)	152,557.89
Housing and Development	150,934.00	152,599.00	149,251.65	(3,347.35)	145,267.80
Total Expenditures	4,238,966.00	4,423,125.00	4,340,358.52	(82,766.48)	4,078,718.36
Excess (Deficiency) of Revenues	0.00	(305,690.00)	(308,553.37)	(2,863.37)	(626,662.92)
Other Financing Sources (Uses)					
Transfer In: Natural Gas Fund	0.00	305,690.00	305,690.00	0.00	0.00
Total Other Financing Sources (Uses)	0.00	305,690.00	305,690.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(2,863.37)	(2,863.37)	(626,662.92)
Fund Balance at Beginning of Year			54,570.40		681,233.32
Fund Balance at End of Year			51,707.03		54,570.40

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes:					
Property Taxes	1,042,133.00	736,443.00	1,182,899.53	446,456.53	606,247.44
Local Option Sales Tax	1,629,119.00	1,629,119.00	1,230,893.87	(398,225.13)	1,268,825.80
Tax on Insurance Premiums	300,000.00	300,000.00	334,264.15	34,264.15	322,834.29
Utility Franchise Tax	410,000.00	410,000.00	390,921.94	(19,078.06)	396,736.12
Alcoholic Beverage Tax	282,000.00	282,000.00	214,753.14	(67,246.86)	217,267.82
Delinquent Tax Penalties and Interest	0.00	0.00	6,317.15	6,317.15	2,650.62
	3,663,252.00	3,357,562.00	3,360,049.78	2,487.78	2,814,562.09
Licenses and Permits:					
Business Licenses	75,000.00	75,000.00	82,271.00	7,271.00	80,966.50
	75,000.00	75,000.00	82,271.00	7,271.00	80,966.50
Intergovernmental Grants for:					
General Government	0.00	0.00	14,753.55	14,753.55	0.00
Public Safety	10,000.00	10,000.00	30,218.41	20,218.41	55,387.90
Health and Welfare	0.00	74,159.00	70,588.87	(3,570.13)	80,202.51
Culture and Recreation	0.00	100,000.00	91,915.00	(8,085.00)	5,707.00
	10,000.00	184,159.00	207,475.83	23,316.83	141,297.41
Charges for Services:					
General Government	1,600.00	1,600.00	3,151.15	1,551.15	6,097.45
Public Works	208,100.00	208,100.00	210,340.48	2,240.48	207,395.65
Culture and Recreation	10,001.00	10,001.00	15,426.00	5,425.00	14,501.00
	219,701.00	219,701.00	228,917.63	9,216.63	227,994.10
Fines and Forfeitures:					
Municipal Court	250,000.00	250,000.00	146,820.99	(103,179.01)	169,218.16
	250,000.00	250,000.00	146,820.99	(103,179.01)	169,218.16
Other:					
Interest Earned	15,000.00	15,000.00	5,390.48	(9,609.52)	7,771.70
Sale of Surplus Assets	5,000.00	5,000.00	0.00	(5,000.00)	8,031.08
Miscellaneous	1,013.00	11,013.00	879.44	(10,133.56)	2,214.40
	21,013.00	31,013.00	6,269.92	(24,743.08)	18,017.18
Total Revenues	4,238,966.00	4,117,435.00	4,031,805.15	(85,629.85)	3,452,055.44
Other Financing Sources					
Transfer from Natural Gas Fund	0.00	305,690.00	305,690.00	0.00	0.00
Total Other Financing Sources	0.00	305,690.00	305,690.00	0.00	0.00
Total Revenues And Other Financing Sources	4,238,966.00	4,423,125.00	4,337,495.15	(85,629.85)	3,452,055.44

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
General Government					
City Council and Mayor					
Personnel Services and Employee Benefits	109,600.00	109,600.00	107,390.11	(2,209.89)	109,754.18
Travel, Education and Training	16,000.00	16,000.00	12,073.24	(3,926.76)	9,757.33
Insurance	34,200.00	34,200.00	34,571.52	371.52	31,954.93
Communications	2,500.00	2,500.00	2,115.40	(384.60)	2,674.44
Capital Outlay	0.00	0.00	2,500.00	2,500.00	0.00
Other	6,000.00	6,000.00	4,373.21	(1,626.79)	8,736.92
	168,300.00	168,300.00	163,023.48	(5,276.52)	162,877.80
Elections					
Poll Workers	8,910.00	0.00	0.00	0.00	0.00
Travel, Education and Training	1,200.00	600.00	0.00	(600.00)	45.52
Communications	1,200.00	310.00	120.00	(190.00)	0.00
Supplies	6,000.00	400.00	380.00	(20.00)	570.00
	17,310.00	1,310.00	500.00	(810.00)	615.52
Financial and General Administration					
Personnel Services and Employee Benefits	301,317.00	301,317.00	323,457.60	22,140.60	309,274.36
Travel, Education and Training	5,000.00	5,000.00	2,569.76	(2,430.24)	5,608.14
Professional and Technical Services	154,000.00	122,000.00	70,773.52	(51,226.48)	66,248.30
Maintenance and Repairs	6,000.00	6,000.00	9,331.77	3,331.77	4,439.57
Insurance	8,500.00	8,500.00	7,054.44	(1,445.56)	9,352.23
Communications	14,800.00	14,800.00	15,835.48	1,035.48	15,550.59
Supplies	15,000.00	15,000.00	10,512.03	(4,487.97)	12,163.07
Utilities	1,200.00	1,200.00	5,901.48	4,701.48	5,458.39
Other	6,400.00	6,235.00	0.00	(6,235.00)	107.88
	512,217.00	480,052.00	445,436.08	(34,615.92)	428,202.53
Buildings and Grounds					
Personnel Services and Employee Benefits	157,759.00	141,759.00	139,173.06	(2,585.94)	124,165.02
Professional and Technical Services	19,500.00	19,500.00	0.00	(19,500.00)	8,085.00
Maintenance and Repairs	12,000.00	12,000.00	23,712.46	11,712.46	10,490.56
Insurance	12,000.00	12,000.00	23,496.24	11,496.24	11,657.35
Communications	1,200.00	1,200.00	826.58	(373.42)	802.32
Supplies	8,000.00	8,000.00	10,177.48	2,177.48	4,773.18
Gasoline	6,000.00	6,000.00	4,701.96	(1,298.04)	4,838.34
Utilities	1,200.00	1,200.00	2,917.31	1,717.31	3,051.12
	217,659.00	201,659.00	205,005.09	3,346.09	167,862.89
Total General Government	915,486.00	851,321.00	813,964.65	(37,356.35)	759,558.74

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Judicial System					
Municipal Court	18,800.00	18,800.00	18,650.00	(150.00)	18,140.21
Total Judicial System	18,800.00	18,800.00	18,650.00	(150.00)	18,140.21
Public Safety					
Police Department					
Personnel Services and Employee Benefits	1,147,143.00	1,222,143.00	1,177,887.30	(44,255.70)	1,185,057.22
Travel, Education and Training	7,600.00	7,600.00	6,635.97	(964.03)	6,814.73
Professional and Technical Services	34,025.00	34,025.00	11,806.08	(22,218.92)	3,708.14
Maintenance and Repairs	50,000.00	50,000.00	62,429.45	12,429.45	30,305.73
Insurance	34,000.00	34,000.00	35,490.32	1,490.32	33,439.13
Communications	19,700.00	19,700.00	17,698.68	(2,001.32)	19,600.69
Supplies, Hardware and Small Equipment	25,500.00	25,500.00	55,030.49	29,530.49	50,323.56
Gasoline	72,000.00	72,000.00	75,523.30	3,523.30	76,738.57
Utilities	12,000.00	12,000.00	11,465.06	(534.94)	10,847.10
Prisoner Housing	18,000.00	18,000.00	27,534.66	9,534.66	27,064.09
Drug Task Force	5,000.00	5,000.00	5,000.00	0.00	5,000.00
Other	1,200.00	1,200.00	155.15	(1,044.85)	2,875.91
	1,426,168.00	1,501,168.00	1,486,656.46	(14,511.54)	1,451,774.87
Fire and Rescue Services					
Personnel Services and Employee Benefits	308,447.00	300,947.00	267,332.19	(33,614.81)	283,904.19
Volunteer Fire Fighter Drill Fees	41,520.00	41,520.00	19,647.00	(21,873.00)	22,281.00
Travel, Education and Training	3,200.00	3,200.00	554.52	(2,645.48)	503.64
Maintenance and Repairs	6,000.00	6,000.00	3,501.30	(2,498.70)	9,205.08
Insurance	9,000.00	9,000.00	8,667.76	(332.24)	9,151.68
Communications	5,000.00	5,000.00	14,504.39	9,504.39	13,643.29
Supplies, Hardware and Small Equipment	4,200.00	4,200.00	6,170.80	1,970.80	8,296.45
Gasoline	6,000.00	6,000.00	6,383.97	383.97	7,480.27
Rescue Squad Drill Fees	7,000.00	7,000.00	4,730.00	(2,270.00)	4,945.00
	390,367.00	382,867.00	331,491.93	(51,375.07)	359,510.60
Animal Control	36,000.00	39,000.00	35,628.02	(3,371.98)	36,866.85
Total Public Safety	1,852,535.00	1,923,035.00	1,853,776.41	(69,258.59)	1,848,152.32

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Public Works					
Highways and Streets					
Personnel Services and Employee Benefits	587,369.00	582,369.00	566,608.68	(15,760.32)	588,787.61
Professional and Technical Services	16,100.00	16,100.00	3,647.40	(12,452.60)	9,849.05
Maintenance and Repairs	72,960.00	72,960.00	139,175.62	66,215.62	43,466.74
Insurance	30,000.00	30,000.00	27,634.16	(2,365.84)	27,240.27
Communications	5,000.00	5,000.00	4,003.68	(996.32)	5,418.21
Supplies, Hardware and Small Equipment	36,000.00	36,000.00	61,273.19	25,273.19	69,508.16
Gasoline	45,000.00	45,000.00	52,464.87	7,464.87	55,538.68
Utilities	140,000.00	140,000.00	149,884.05	9,884.05	144,954.81
Prison Crew Fees	80,000.00	80,000.00	75,961.60	(4,038.40)	75,769.70
Capital Outlay	24,000.00	24,000.00	6,300.00	(17,700.00)	0.00
	1,036,429.00	1,031,429.00	1,086,953.25	55,524.25	1,030,533.43
Solid Waste and Recycling					
Waste Disposal Fees	114,000.00	114,000.00	114,466.44	466.44	113,530.05
Insurance	12,000.00	12,000.00	10,627.08	(1,372.92)	10,977.92
	126,000.00	126,000.00	125,093.52	(906.48)	124,507.97
Total Public Works	1,162,429.00	1,157,429.00	1,212,046.77	54,617.77	1,155,041.40
Health and Welfare					
Mosquito Control	4,282.00	4,282.00	0.00	(4,282.00)	0.00
Seniors Program Operating Support	7,500.00	37,500.00	15,289.65	(22,210.35)	0.00
Seniors Meal Costs	0.00	44,159.00	50,008.50	5,849.50	0.00
Total Health and Welfare	11,782.00	85,941.00	65,298.15	(20,642.85)	0.00
Culture and Recreation					
Arts Center Operating Support	60,000.00	60,000.00	60,000.00	0.00	58,756.00
Maintenance and Repairs	5,000.00	5,000.00	7,065.91	2,065.91	6,245.24
Insurance	18,000.00	15,000.00	14,724.44	(275.56)	17,018.24
Utilities	28,000.00	28,000.00	22,322.12	(5,677.88)	20,456.61
Park Development - Capital Outlay	0.00	110,000.00	107,258.42	(2,741.58)	0.00
Library Operating Support	16,000.00	16,000.00	16,000.00	0.00	50,081.80
Total Culture and Recreation	127,000.00	234,000.00	227,370.89	(6,629.11)	152,557.89

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Housing and Development					
Planning and Zoning	4,800.00	4,800.00	4,202.00	(598.00)	2,500.00
Historical Commission	2,000.00	2,000.00	735.15	(1,264.85)	1,934.35
Code Enforcement					
Personnel Services and Employee Benefits	46,994.00	46,994.00	45,919.08	(1,074.92)	45,950.44
Travel, Education and Training	1,800.00	1,800.00	306.99	(1,493.01)	464.28
Professional and Technical Services	0.00	0.00	280.00	280.00	364.43
Insurance	0.00	0.00	897.72	897.72	1,006.07
Communications	600.00	2,100.00	1,834.64	(265.36)	1,938.29
Supplies, Hardware and Small Equipment	240.00	240.00	599.11	359.11	266.46
Gasoline	900.00	900.00	711.96	(188.04)	770.05
Economic Development					
Personnel Services and Employee Benefits	0.00	0.00	0.00	0.00	10,947.14
Travel, Education and Training	0.00	0.00	0.00	0.00	1,203.85
Economic Development Grants	93,600.00	93,765.00	93,765.00	0.00	77,922.44
Total Housing and Development	150,934.00	152,599.00	149,251.65	(3,347.35)	145,267.80
Total Expenditures	4,238,966.00	4,423,125.00	4,340,358.52	(82,766.48)	4,078,718.36

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.

CITY OF EATONTON, GEORGIA

CAPITAL RESERVE FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and Cash Equivalents	22,155.03	16,103.67
Time Certificates of Deposit	487,500.00	487,500.00
Restricted Assets:		
Time Certificates of Deposit	500,000.00	500,000.00
Total Assets	1,009,655.03	1,003,603.67
Liabilities and Fund Balance		
Liabilities		
None	0.00	0.00
Fund Balance		
Fund Balance, Restricted	500,000.00	500,000.00
Fund Balance, Committed	509,655.03	503,603.67
Total Fund Balance	1,009,655.03	1,003,603.67
Total Liabilities and Fund Balance	1,009,655.03	1,003,603.67

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Interest Earned	0.00	0.00	6,051.36	6,051.36	8,466.47
Total Revenues	0.00	0.00	6,051.36	6,051.36	8,466.47
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	6,051.36	6,051.36	8,466.47
Fund Balance at Beginning of Year			1,003,603.67		995,137.20
Fund Balance at End of Year			1,009,655.03		1,003,603.67

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2014

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash	3,546.09	20,289.84	23,835.93
Taxes Receivable	979.23	0.00	979.23
Total Assets	4,525.32	20,289.84	24,815.16
Liabilities and Fund Balance			
Liabilities:			
Due to General Fund	0.00	1,500.00	1,500.00
Total Liabilities	0.00	1,500.00	1,500.00
Fund Balance:			
Restricted for Program Purposes	0.00	18,789.84	18,789.84
Assigned	4,525.32	0.00	4,525.32
Total Fund Balances	4,525.32	18,789.84	23,315.16
Total Liabilities and Fund Balance	4,525.32	20,289.84	24,815.16

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2014

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Revenues			
Hotel / Motel Taxes	10,265.60	0.00	10,265.60
Fines and Forfeitures	0.00	200.00	200.00
Interest Income	0.00	83.74	83.74
	10,265.60	283.74	10,549.34
Expenditures			
Housing and Development	11,500.00	0.00	11,500.00
Public Safety	0.00	6,719.06	6,719.06
Capital Outlay	0.00	1,500.00	1,500.00
	11,500.00	8,219.06	19,719.06
Net Change in Fund Balance	(1,234.40)	(7,935.32)	(9,169.72)
Fund Balance at Beginning of Year	5,759.72	26,725.16	32,484.88
Fund Balance at End of Year	4,525.32	18,789.84	23,315.16

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2014 AND 2013

	2014	2013
Assets		
Cash	3,546.09	4,969.63
Taxes Receivable	979.23	790.09
Total Assets	4,525.32	5,759.72
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance Assigned for Development	4,525.32	5,759.72
Total Liabilities and Fund Balance	4,525.32	5,759.72

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Hotel / Motel Taxes	12,000.00	12,000.00	10,265.60	(1,734.40)	9,455.20
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	(1,234.40)	(1,234.40)	(2,044.80)
Fund Balance at Beginning of Year			5,759.72		7,804.52
Fund Balance at End of Year			4,525.32		5,759.72

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2014 AND 2013

	2014	2013
Assets		
Cash	20,289.84	26,725.16
Total Assets	20,289.84	26,725.16
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	1,500.00	0.00
Fund Balance		
Restricted for Program Purposes	18,789.84	26,725.16
Total Liabilities and Fund Balance	20,289.84	26,725.16

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Proceeds from Seizures	20,000.00	20,000.00	200.00	(19,800.00)	10,458.85
Interest Earned	50.00	50.00	83.74	33.74	141.67
Total Revenues	20,050.00	20,050.00	283.74	(19,766.26)	10,600.52
Expenditures					
Technical Services	50.00	50.00	1,175.00	1,125.00	310.00
Supplies, Small Tools and Equipment	0.00	0.00	5,544.06	5,544.06	8,689.92
Capital Outlay	20,000.00	20,000.00	1,500.00	(18,500.00)	0.00
Total Expenditures	20,050.00	20,050.00	8,219.06	(11,830.94)	8,999.92
Excess (Deficiency) of Revenues over Expenditures	0.00	0.00	(7,935.32)	(7,935.32)	1,600.60
Other Financing Sources					
Transfer from General Fund	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(7,935.32)	(7,935.32)	1,600.60
Fund Balance at Beginning of Year			26,725.16		25,124.56
Fund Balance at End of Year			18,789.84		26,725.16

CAPITAL PROJECTS FUNDS

Major Fund

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

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

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2014 AND 2013

	2014	2013
Assets		
Cash and Cash Equivalents	416,420.37	472,475.63
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	2,780.00	0.00
Fund Balance, Restricted for Capital Outlay	413,640.37	472,475.63
Total Liabilities and Fund Balance	416,420.37	472,475.63

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
Revenues		
Intergovernmental: Putnam County SPLOST	647,157.13	750,401.57
Intergovernmental: Georgia Department of Transportation Grant	0.00	66,523.40
Interest Income	1,681.66	1,732.00
	648,838.79	818,656.97
Expenditures		
Capital Outlay for:		
Natural Gas Line Extension	60,442.23	258,092.05
Roads, Bridges, Sidewalks	92,100.79	177,703.02
Downtown Parking	247,356.10	33,273.00
Public Safety Equipment	5,491.15	38,325.00
Public Works Equipment	21,187.50	38,912.00
Waste Water Improvements	281,096.28	0.00
	707,674.05	546,305.07
Net Change in Fund Balance	(58,835.26)	272,351.90
Fund Balance at Beginning of Year	472,475.63	200,123.73
Fund Balance at End of Year	413,640.37	472,475.63

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, 2014 AND 2013

	2014	2013
Assets		
Current Assets		
Cash	1,260,923.25	1,211,082.95
Time Certificates of Deposit	391,342.39	390,208.93
Accounts Receivable, Net of Allowance for Doubtful Accounts	36,397.27	26,522.29
Time Certificates of Deposit, Customer Deposits	380,462.43	377,900.72
Total Current Assets	2,069,125.34	2,005,714.89
Capital Assets		
Natural Gas System	6,293,304.94	6,232,854.71
Machinery and Equipment	358,284.07	356,934.07
	6,651,589.01	6,589,788.78
Less Accumulated Depreciation	2,601,455.00	2,483,864.10
Total Capital Assets	4,050,134.01	4,105,924.68
Total Assets	6,119,259.35	6,111,639.57
Liabilities		
Current Liabilities		
Accounts Payable	19,487.77	16,121.17
Customer Deposits	65,008.44	99,567.39
Current Portion of Compensated Absences Payable	4,068.23	4,776.07
Total Current Liabilities	88,564.44	120,464.63
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences Payable	16,272.89	19,104.28
Total Liabilities	104,837.33	139,568.91
Net Position		
Investment in Capital Assets	4,050,134.01	4,105,924.68
Committed for Stabilization	194,188.00	204,369.50
Unrestricted	1,770,100.01	1,661,776.48
Total Net Position	6,014,422.02	5,972,070.66

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2014 and 2013

	2014	2013
Operating Revenues		
Sale of Natural Gas	1,898,254.16	1,569,279.69
Tap and Re-connection Fees	11,487.25	11,950.00
Penalties	47,708.53	32,441.64
Other	3,449.33	2,656.52
Total Operating Revenues	1,960,899.27	1,616,328.05
Operating Expenses		
Cost of Natural Gas	923,843.87	729,083.85
Personnel Services and Employee Benefits	348,951.79	346,565.34
Professional Services	35,490.58	35,583.30
Maintenance and Repairs	92,804.83	68,193.92
Depreciation Expense	117,590.90	80,247.66
Insurance	9,977.72	8,976.18
Communications	27,704.50	24,867.47
Supplies, Hardware and Small Equipment	55,461.35	34,063.22
Gasoline	21,526.62	22,580.49
Utilities	9,618.46	8,190.53
Taxes	28,218.50	25,202.10
Other	6,227.89	2,922.23
Total Operating Expenses	1,677,417.01	1,386,476.29
Operating Income (Loss)	283,482.26	229,851.76
Non-Operating Revenues		
Interest Income	4,108.87	6,934.50
Net Income Before Transfers	287,591.13	236,786.26
Transfer from the SPLOST Fund	60,442.23	474,787.75
Donation of Property	8.00	0.00
Transfer to the General Fund	(305,690.00)	0.00
Change in Net Position	42,351.36	711,574.01
Net Position at Beginning of Year	5,972,070.66	5,260,496.65
Net Position at End of Year	6,014,422.02	5,972,070.66

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Cash Received from Customers	1,916,465.34	1,608,596.66
Cash Payments for Personnel Services	(352,491.02)	(344,880.96)
Cash Payments for Goods and Services	(1,207,507.72)	(972,551.38)
Net Cash Provided (Used) by Operating Activities	356,466.60	291,164.32
Cash Flows from Noncapital Financing Activities		
Operating Transfer to the General Fund	(305,690.00)	0.00
Net Cash Provided (Used) by Noncapital Financing Activities	(305,690.00)	0.00
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(1,350.00)	(2,783.66)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,350.00)	(2,783.66)
Cash Flows from Investing Activities		
Earnings On Investments	4,108.87	6,934.50
(Increase) Decrease in Investments	(3,695.17)	(6,249.53)
Net Cash Flows From Investing Activities	413.70	684.97
Net Increase (Decrease) in Cash	49,840.30	289,065.63
Cash at Beginning of Year	1,211,082.95	922,017.32
Cash at End of Year	1,260,923.25	1,211,082.95
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	283,482.26	229,851.76
Adjustments:		
Depreciation	117,590.90	80,247.66
(Increase) Decrease in Assets:		
Accounts / Notes Receivable	(9,874.98)	(7,984.55)
Sales Tax Deposit	0.00	2,436.55
Increase (Decrease) in Liabilities:		
Accounts Payable	3,366.60	(15,324.64)
Customer Deposits	(34,558.95)	253.16
Accrued Liabilities	(3,539.23)	1,684.38
Net Cash Provided by (Used in) Operating Activities	356,466.60	291,164.32

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
Noncash Capital and Related Financing Activities:		
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	60,442.23	474,787.75
Donations of Rights of Way	8.00	0.00
	60,450.23	474,787.75

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

COMPARATIVE STATEMENT OF NET POSITION

AUGUST 31, 2014 AND 2013

	2014	2013
Assets		
Cash	74,265.57	75,134.63
Notes Receivable	22,431.11	21,489.10
Total Assets	96,696.68	96,623.73
Liabilities		
Accounts Payable	1,250.00	1,250.00
Net Position		
Restricted for Program Purposes	95,446.68	95,373.73

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
Operating Revenues		
Interest and Penalties - Notes Receivable	1,092.01	1,030.26
Total Operating Revenues	1,092.01	1,030.26
Operating Expenses		
Professional Services	1,250.00	1,250.00
Total Operating Expenses	1,250.00	1,250.00
Operating Income (Loss)	(157.99)	(219.74)
Non-Operating Revenues		
Interest - Bank Account	230.94	364.31
Change in Net Position	72.95	144.57
Net Position at Beginning of Year	95,373.73	95,229.16
Net Position at End of Year	95,446.68	95,373.73

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Cash Received from Customers	150.00	0.00
Cash Payments for Goods and Services	(1,250.00)	(2,500.00)
Net Cash Provided (Used) by Operating Activities	(1,100.00)	(2,500.00)
Cash Flows from Investing Activities		
Earnings On Investments	230.94	364.31
Net Cash Flows From Investing Activities	230.94	364.31
Net Increase (Decrease) in Cash and Cash Equivalents	(869.06)	(2,135.69)
Cash at Beginning of Year	75,134.63	77,270.32
Cash at End of Year	74,265.57	75,134.63
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	(157.99)	(219.74)
Adjustments:		
(Increase) Decrease in Assets:		
Notes Receivable	(942.01)	(1,030.26)
Increase (Decrease) in Liabilities:		
Accounts Payable	0.00	(1,250.00)
Net Cash Provided by (Used in) Operating Activities	(1,100.00)	(2,500.00)

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF NET POSITION AS OF JUNE 30, 2014

Assets	
Cash	74,236.20
Notes Receivable, Net of Allowance for Doubtful Accounts	22,242.19
Total Assets	96,478.39
Liabilities	
None	0.00
Net Position	
Restricted for Program Purposes	96,478.39

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, 2014. These collectively comprise the City's basic financial statements. We have issued our report thereon, dated February 4, 2015.

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.

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 4, 2015.

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 4, 2015

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, 2014. 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, 2014, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

David Giddens
Certified Public Accountant
Eatonton, Georgia

February 4, 2015

CITY OF EATONTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED

WITH SPECIAL SALES TAX PROCEEDS

FOR THE YEAR ENDED AUGUST 31, 2014

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Special Local Option Sales Tax Fund					
Roads, Bridges, Sidewalks	1,775,000.00	323,944.33	92,100.79	416,045.12	23%
Public Works Equipment	305,000.00	38,912.00	21,187.50	60,099.50	20%
Public Safety Equipment	350,000.00	41,825.00	5,491.15	47,316.15	14%
Building Renovations	195,000.00	0.00	0.00	0.00	0%
Downtown Parking Lot	300,000.00	40,712.20	247,356.10	288,068.30	96%
City Park	100,000.00	0.00	0.00	0.00	0%
Natural Gas Line Extension	1,975,000.00	474,787.75	60,442.23	535,229.98	27%
Waste Water Improvements	1,000,000.00	0.00	281,096.28	281,096.28	28%
Totals	6,000,000.00	920,181.28	707,674.05	1,627,855.33	