CITY OF EATONTON, GEORGIA

REPORT OF AUDIT

AUGUST 31, 2015

CITY OF EATONTON, GEORGIA
Annual Financial Report
For The Year Ended August 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, as well as the related notes to the financial statements, of the City of Eatonton, Georgia, as of and for the year ended August 31, 2015. 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, 2014 financial statements; in our report dated February 4, 2015, 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, 2015. 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.

Emphasis of Matter

As described in Note 2-A, the City implemented Governmental Accounting Standards Board (GASB) Statement number 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement number 27* and corollary GASB Statement number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the 2015 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information (RSI). Accounting principles generally accepted in the United States of America require the presentation of additional information to supplement the basic financial statements. This information includes the Management's Discussion and Analysis (MD&A); as well as the Schedule of Changes in Net Pension Liability and Related Ratios; and the Schedule of Contributions. The MD&A may be found on the pages immediately following this report. Pension RSI schedules may be found immediately following the Notes to the 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 an essential part of financial reporting 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

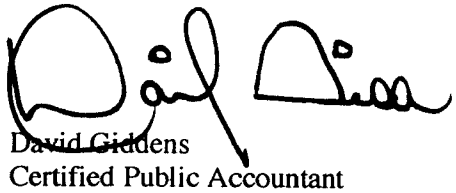
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eatonton's basic financial statements. In addition to the required elements of the basic financial statements, individual and combining, nonmajor fund financial statements are presented to support additional analysis. These are 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 are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, 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 25, 2016

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, 2015. 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 2015 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.

The sluggish economy continues to impact City operations. The downward trend of Local Option Sales Tax (LOST) collections experienced over the past several years extended into fiscal year 2015. 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%. Coupled with a property digest that is still contracting, pressure is being exerted on the General Fund. Additionally, voters will be presented a referendum to enact additional homestead exemptions in the next fiscal year.

The ad valorem property tax rate was rolled back to (and maintained at) 7.5 mills. Business license issuance (occupational tax certificates) experienced a slight year-over-year decline and few, if any, new construction permits were issued. Construction resumed on a hospice facility that had been delayed; it is expected to open in Spring or Summer 2016.

Three major projects were completed over the course of the year. The first project was the completion of a half-million dollar, 4.5 mile, natural gas main extension to the Rock Eagle Technology Park. Thus far, two commercial/manufacturing customers and multiple residential customers have been added to the system. The second project was the completion of a .75 mile natural gas main extension down Harmony Road. One commercial customer was added to the system, with the potential for adding additional customers in the near future. The third project was the completion of Phase 1 of the City Center parking lot. The long needed, downtown parking was officially opened at a ribbon cutting ceremony held in February 2015. Planned Phase 2 of the parking lot will consist of constructing a performance stage, which will be completed by Spring 2016. The stage will add a new venue for downtown events and will be utilized by community organizations to draw visitors to the City.

In May 2015, the City received notification that the ISO fire rating will reduce from a 7 to a 4 inside the corporate limits. The new rating will directly benefit taxpayers by lowering homeowners' insurance premiums.

The City will apply for additional grant funding from the Department of Natural Resources to complete Phase 2 of the Briarpatch Hike and Bike Trail. The trail park, which was put into service in the summer of 2014, provides new recreational opportunities in the City. Phase 2 will seek to extend the walking trails by 0.5 miles.

A private development group was awarded federal tax credits to fund the development of a new 62-unit workforce housing complex on Sumter Street. The project is scheduled to be completed by Fall 2016. The City of Eatonton will provide natural gas to each unit for certain domestic uses.

Financial Highlights

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

- The City's assets exceeded its liabilities by $12,032,461 (net position) at fiscal year end. Total net position is composed of $5,364,799 for all governmental activities and $6,667,662 for all business-type activities.

- Over the course of this year, total net position decreased by $724,023. This decrease results from two factors. Firstly, a prior period adjustment was made to beginning net position. This was necessary as a result of a change in accounting principle. A newly implemented governmental accounting standard required a change in recording net pension liability. Recognition of this liability decreased governmental net position by $614,759, and decreased business-type net position by $81,852. Activity for the current year further decreased governmental net position by $667,058, while business-type net position increased by $639,645.

- Total net position is comprised of the following:

    1. Capital assets of $9,059,189 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 $946,129 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, $2,027,143 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 38. 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.

Current assets provide the funds needed to meet current liabilities. Current assets include cash, unrestricted certificates of deposits, and receivables, net of allowances for estimated uncollectable accounts. 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 1.6 at the 2015 year end; comparably, this ratio was 1.9 at the 2014 year end. Business activities have a greater current ratio: 28.6 at the end of fiscal year 2015 as compared to 24.1 at the end of fiscal year 2014. **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.

The City carries no outstanding debt related to capital assets or general obligations. **Long term debt** represents estimates of unused annual leave benefits and a net pension liability. More information regarding annual changes to long term debt is discussed in detail in a latter part of this analysis.

In reviewing the Summary of Net Position, it is clear that **capital assets** comprise the bulk of the City's assets and net position. More information regarding annual changes to capital assets is discussed in detail in a latter part of this analysis.

With the exception of deferred inflows of resources of property taxes in the amount of $21,877, all **deferred outflows and inflows of resources** are derived from accounting for net pension liability. These elements are discussed in greater detail in Notes 3-D and 3-G.

Summary of Net Position

	August 31, 2015				August 31, 2014			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Assets:								
Current assets	1,490,604.76	2,335,607.12	3,826,211.88	27.5%	1,551,573.48	2,165,822.02	3,717,395.50	26.9%
Restricted assets	851,571.94	0.00	851,571.94	6.1%	851,409.85	0.00	851,409.85	6.2%
Capital assets net of accumulated depreciation	4,561,276.45	4,497,912.03	9,059,188.48	65.1%	5,222,008.68	4,050,134.01	9,272,142.69	66.9%
Total assets	6,903,453.15	6,833,519.15	13,736,972.30	98.7%	7,624,992.01	6,215,956.03	13,840,948.04	100.0%
Deferred outflows of resources	152,505.15	20,337.85	172,843.00	1.3%	0.00	0.00	0.00	0.0%
Total assets and deferred outflows of resources	7,055,958.30	6,853,857.00	13,909,815.30	100.0%	7,624,992.01	6,215,956.03	13,840,948.04	100.0%
Liabilities:								
Current liablilties	922,688.89	81,549.84	1,004,238.73	53.5%	819,369.68	89,814.44	909,184.12	83.9%
Long-term liabilities	499,627.52	73,025.60	572,653.12	30.5%	58,968.34	16,272.89	75,241.23	6.9%
Total liabilities	1,422,316.41	154,575.44	1,576,891.85	84.0%	878,338.02	106,087.33	984,425.35	90.8%
Deferred inflows of resources	268,843.23	31,619.51	300,462.74	16.0%	100,038.15	0.00	100,038.15	9.2%
Total liabilities and deferred inflows of resources	1,691,159.64	186,194.95	1,877,354.59	100.0%	978,376.17	106,087.33	1,084,463.50	100.0%
Net Position:								
Invested in capital assets	4,561,276.45	4,497,912.03	9,059,188.48	75.3%	5,222,008.68	4,050,134.01	9,272,142.69	72.7%
Restricted	873,516.73	72,612.28	946,129.01	7.9%	932,430.21	95,446.68	1,027,876.89	8.1%
Unassigned	(69,994.52)	2,097,137.74	2,027,143.22	16.8%	492,176.95	1,964,288.01	2,456,464.96	19.2%
Total Net Position	5,364,798.66	6,667,662.05	12,032,460.71	100.0%	6,646,615.84	6,109,868.70	12,756,484.54	100.0%

Summary of Revenues, Expenses and Changes in Net Position

	For the year ended August 31, 2015				For the year ended August 31, 2014			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Revenues								
Program:								
Charges for services	474,657.25	1,692,963.74	2,167,620.99	32.58%	458,209.62	1,960,899.27	2,419,108.89	35.04%
Operating grants	401,483.81	0.00	401,483.81	6.04%	116,440.27	0.00	116,440.27	1.69%
Capital grants	658,914.39	0.00	658,914.39	9.91%	979,072.13	8.00	979,080.13	14.18%
General:								
Taxes	3,408,104.83	0.00	3,408,104.83	51.23%	3,363,998.23	0.00	3,363,998.23	48.73%
Other	12,541.20	3,723.55	16,264.75	0.24%	19,524.39	5,431.82	24,956.21	0.36%
Total Revenues	4,955,701.48	1,696,687.29	6,652,388.77	100.00%	4,937,244.64	1,966,339.09	6,903,583.73	100.00%
Program Expenses								
General government	835,437.95	0.00	835,437.95	13.13%	841,575.67	0.00	841,575.67	12.58%
Judicial	18,900.00	0.00	18,900.00	0.30%	18,650.00	0.00	18,650.00	0.28%
Public safety	1,904,951.31	0.00	1,904,951.31	29.94%	1,894,388.00	0.00	1,894,388.00	28.30%
Public works	1,745,296.51	0.00	1,745,296.51	27.43%	1,802,403.18	0.00	1,802,403.18	26.93%
Culture and recreation	96,858.36	0.00	96,858.36	1.52%	185,285.52	0.00	185,285.52	2.77%
Health and welfare	177,813.60	0.00	177,813.60	2.80%	65,298.15	0.00	65,298.15	0.98%
Housing and development	201,364.11	0.00	201,364.11	3.17%	205,400.86	0.00	205,400.86	3.07%
Natural gas service	0.00	1,357,430.72	1,357,430.72	21.34%	0.00	1,677,417.01	1,677,417.01	25.07%
Employment incentive financing	0.00	23,681.11	23,681.11	0.37%	0.00	1,250.00	1,250.00	0.02%
Total Expenses	4,980,621.84	1,381,111.83	6,361,733.67	100.00%	5,013,001.38	1,678,667.01	6,691,668.39	100.00%
Excess revenues over expenses	(24,920.36)	315,575.46	290,655.10		(75,756.74)	287,672.08	211,915.34	
Transfer	(642,137.94)	324,069.64	(318,068.30)		245,247.77	(245,247.77)	0.00	
Change in Net Position	(667,058.30)	639,645.10	(27,413.20)		169,491.03	42,424.31	211,915.34	
Net Position at Beginning 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	
Prior Period Adjustment	(614,758.88)	(81,851.75)	(696,610.63)		0.00	0.00	0.00	
Net Position at End of Year	5,364,798.66	6,667,662.05	12,032,460.71		6,646,615.84	6,109,868.70	12,756,484.54	

Overall, 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.

Despite variances in both revenues and expenses, total net **excess revenues over expenses** varied little from the previous year. In governmental activities, program revenues increased slightly while program expenses decreased slightly. Materially, the transactions of the General Fund and, to a lesser degree, the SPLOST Fund are the sources of these changes. The activities of these funds are discussed in greater detail in subsequent sections of this analysis.

Variances were more obvious in business-type activities. Business-type program revenues and expenses predominately reflect the activities of the Natural Gas Fund. The activities of this fund are discussed in some detail in a following section of this analysis. The activities of the other proprietary fund, the Revolving Loan Fund, are also summarized, immediately following the discussion of the Gas Fund.

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 2015, the City's governmental funds included the General Fund, three special revenue funds and one capital projects fund. 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 38.

Steadily declining revenues in prior years have eroded the General Fund, fund balance. Although revenues increased in 2015, the fund balance continued to decline. In addition to revenues, the fund balance was supported with an operating transfer from the Gas Fund. Despite this, the decline occurred, because increased expenses exceeded the sum of revenues and the transfer.

Amidst typical variations in revenues, the annual increase was bolstered by Georgia Department of Transportation (GDOT) grants for surfacing repairs. Meanwhile, increases to property tax collections were offset by decreases in local option sales tax (L.O.S.T.) collections. Declines in L.O.S.T. are likely to continue, because the City's allocated portion (shared with Putnam County) will continue to decline. Variations in other income sources were far less significant to the General Fund.

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

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	4,036,249.00	4,328,049.00	4,278,769.42	(49,279.58)	4,031,805.15
Total Expenditures	4,249,476.00	4,621,576.00	4,512,673.37	(108,902.63)	4,340,358.52
Revenues Excess (Deficiency)	(213,227.00)	(293,527.00)	(233,903.95)	59,623.05	(308,553.37)
Operating Transfers In (Out)	213,227.00	293,527.00	205,000.00	(88,527.00)	305,690.00
Net Change in Fund Balance	0.00	0.00	(28,903.95)	(28,903.95)	(2,863.37)
Beginning Fund Balance			51,707.03		54,570.40
Ending Fund Balance			22,803.08		51,707.03

Expenses increased for the last two years, after declining for the three years prior. 2015 was typical in that the greatest portion of General Fund expenditures supports public safety (42%), followed by public works (31%). During this year spending in all service areas was, for the most part, consistent with recent years. Greatest increases were for the services provided through public works. Over and above the required 30% match for GDOT grants, the City spent heavily for road repairs. In its second year, a new program providing meals and activities for senior citizens increased expenses in health and welfare. A portion of the senior services costs was offset by grant funding.

During the year, the budget was adjusted to reflect actualities. As may be expected, variations occurred between budget amounts and actual results. Expenditures fell within the final budgeted amounts in all departments, functions and funds.

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.

All revenue is derived from interest earned by certificates of deposits. For several years, as these certificates 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 47.

A summary of activity in relation to the budget and changes in fund balance is presented on the following page.

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

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	0.00	0.00	5,228.73	5,228.73	6,051.36
Total Expenditures	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	5,228.73	5,228.73	6,051.36
Beginning Fund Balance			1,009,655.03		1,003,603.67
Ending Fund Balance			1,014,883.76		1,009,655.03

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, $19,032, comprise just 1.3% of total governmental fund balances. Combining and individual fund financial statements begin on page 49.

- 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 2015. Financial statements of the Hotel / Motel Tax Fund begin on page 51.

- 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 53.

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 during the funding 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. This fund is used to account for special purpose local option sales taxes which are collected subsequent to a voter approved, county resolution. Proceeds are shared with the City for municipal projects, as specified in a 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 56, a schedule of projects constructed with special sales tax proceeds may be found on page 71, and summary information may be found in the notes to the financial statements, note 3-J.

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 2015, SPLOST Fund proceeds were used to:

- support local road improvement and drainage projects;
- extend natural gas services to a technical park;
- 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 the projections that were anticipated when the resolution was offered to voters. Never-the-less, SPLOST proceeds are the predominate source of funding for City capital expenditures. During 2015, $529,070 was expended to fund construction for a natural gas service extension. In addition to addressing City capital needs, some SPLOST proceeds flow through to other local governments. As in the previous year, monthly cash disbursements were made to the Eatonton-Putnam Water and Sewer Authority for waste water system improvements.

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 59. A summary of Natural Gas Fund activity and changes in net position is presented as follows.

	2015	2014
Operating Revenues	1,692,179.24	1,960,899.27
Operating Expenses	1,357,430.72	1,677,417.01
Operating Income (Loss)	334,748.52	283,482.26
Non-operating Revenues (Expenses)	3,659.34	4,108.87
Transfer from SPLOST Fund	529,069.64	60,442.23
Donation of Property	2.00	8.00
Transfer to the General Fund	(205,000.00)	(305,690.00)
Change in Net Position	662,479.50	42,351.36
Net Position at Beginning of Year	6,014,422.02	5,972,070.66
Prior Period Adjustment	(81,851.75)	0.00
Net Position at End of Year	6,595,049.77	6,014,422.02

As is typical, natural gas sales generated over 95% of 2015 Gas Fund operating revenues. Because gas usage is largely determined by residential and commercial heating needs, sales fluctuate with the weather. The 2014 - 2015

winter was somewhat mild. This contributed to a decline in sales. In addition, declines in wholesale fuel costs were passed along to consumers. This further contributed to lower sales dollars. Sales were down 15%.

None-the-less, several factors contributed to an increase in operating income. This was achieved by decreasing expenses. The most significant expense reduction was the previously noted decrease in the wholesale cost of natural gas. Further, the remaining, combined operating expenses decreased by 7%.

This yielded an increase in operating income, exceeding $51,000, a notable percentage of 18%. To this increase was added the transfer of capital construction paid for with SPLOST proceeds; the amount expended and transferred in fiscal year 2015 was $529,070. In turn, the Gas Fund transferred $205,000 to the General Fund in recognition of the administrative services provided by the general government.

After completing a major extension in 2013, an additional project, an extension to a technology park north of the City, was completed during fiscal year 2015. Spurs from this line provide service to additional customers. Like the previous Lake Oconee extension, this project was supported largely with SPLOST proceeds. As a result, these projects have been completed without taking on debt.

Overall, annual activities increased net position by $662,480. However, a prior period adjustment reduced net position by $81,852. The prior period adjustment was necessary because a change in governmental accounting standards changed recognition and reporting requirements for liabilities associated with pension benefits offered to employees. The net effect was an increase in net position of $580,628. A stabilization funds policy designates 10% of total budgeted operating expenses for stabilization. Thus, $175,832 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 63. In addition, details on loan activity may be found in the notes to the financial statements, note 4-H.

During fiscal year 2015, a long delinquent loan was written off. The amount of the resulting loss was $22,431. Also during this year a new loan of $60,000 was provided to a local business. 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	
	8/31/2015	8/31/2014	8/31/2015	8/31/2014	8/31/2015	8/31/2014
Non-depreciable Assets	331,146.89	801,481.62	75,439.00	126,363.75	406,585.89	927,845.37
Depreciable Assets	7,905,965.10	7,646,643.18	7,144,198.64	6,525,225.26	15,050,163.74	14,171,868.44
Less Accumulated Depreciation	3,675,835.54	3,226,116.12	2,721,725.61	2,601,455.00	6,397,561.15	5,827,571.12
Book Value - Depreciable Assets	4,230,129.56	4,420,527.06	4,422,473.03	3,923,770.26	8,652,602.59	8,344,297.32
Percentage Depreciated	46.5%	42.2%	38.1%	39.9%	42.5%	41.1%
Total Book Value	4,561,276.45	5,222,008.68	4,497,912.03	4,050,134.01	9,059,188.48	9,272,142.69

Over 75% 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.

Despite the addition of two capital projects, the total cost of capital assets declined in governmental activities. Phase I of a walking trail was completed. Also completed was a drainage renewal project. Offsetting increases from these additions, were two transfers out of governmental activities. Upon completion of construction, the amount of the expenditures for a downtown parking lot were transferred to the Eatonton Downtown Development Authority. The amount of that transfer, previously accounted for as land and construction in process, was $318,068.

In addition, the amount of current SPLOST proceeds that were used to pay for a line extension, $529,070, was transferred to the Natural Gas Fund. This, along with additional expenditures from the Gas Fund, increased capital assets in business-type activities. The Gas Fund participated in the costs of the extension, $69,904, and purchased a used mini excavator for $20,000. Business capital assets are entirely the assets of the Natural Gas Fund.

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 City's long-term liability consisted of compensated absences payable, $82,242, and net pension liability, $490,411. These amounts are estimates of future payments of benefits to employees. More information about annual changes in these estimates may be found in the notes to the financial statements (Note 3-F).

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, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash	403,639.05	1,466,824.56	1,870,463.61	59,946.03
Receivables:				
Accounts, Net of Allowance for Doubtful Accounts	18,757.99	32,474.48	51,232.47	0.00
Taxes	198,451.05	0.00	198,451.05	0.00
Note	0.00	58,588.59	58,588.59	0.00
Intergovernmental	167,256.67	0.00	167,256.67	0.00
Time Certificates of Deposit	702,500.00	775,080.97	1,477,580.97	0.00
Prepaid Tax	0.00	2,638.52	2,638.52	0.00
Restricted Assets	851,571.94	0.00	851,571.94	0.00
Capital Assets:				
Nondepreciable Capital Assets	331,146.89	75,439.00	406,585.89	281,075.64
Depreciable Capital Assets, Net Accumulated Depreciation	4,230,129.56	4,422,473.03	8,652,602.59	437,019.19
Total Assets	6,903,453.15	6,833,519.15	13,736,972.30	778,040.86
Deferred Outflows of Resources	152,505.15	20,337.85	172,843.00	0.00
Total Assets and Deferred Outflows of Resources	7,055,958.30	6,853,857.00	13,909,815.30	778,040.86
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Cash Overdraft	602,707.05	0.00	602,707.05	0.00
Accounts Payable	237,116.95	14,681.22	251,798.17	0.00
Accrued Wages	20,501.31	0.00	20,501.31	0.00
Deposits	45,267.38	63,404.29	108,671.67	0.00
Compensated Absences Payable	17,096.20	3,464.33	20,560.53	0.00
Non-current Liabilities				
Compensated Absences Payable	68,384.79	13,857.33	82,242.12	0.00
Net Pension Liability	431,242.73	59,168.27	490,411.00	0.00
Total Liabilities	1,422,316.41	154,575.44	1,576,891.85	0.00
Deferred Inflows of Resources	268,843.23	31,619.51	300,462.74	0.00
Total Liabilities and Deferred Inflows of Resources	1,691,159.64	186,194.95	1,877,354.59	0.00
Net Position				
Invested in Capital Assets	4,561,276.45	4,497,912.03	9,059,188.48	718,094.83
Restricted for Capital Outlay	357,988.70	0.00	357,988.70	0.00
Restricted for Emergencies	500,000.00	0.00	500,000.00	0.00
Restricted for Program Purposes	15,528.03	72,612.28	88,140.31	0.00
Unrestricted	(69,994.52)	2,097,137.74	2,027,143.22	59,946.03
Total Net Position	5,364,798.66	6,667,662.05	12,032,460.71	778,040.86

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

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	835,437.95	3,130.28	4,225.00	0.00	(828,082.67)	0.00	(828,082.67)	0.00
Judicial	18,900.00	0.00	0.00	0.00	(18,900.00)	0.00	(18,900.00)	0.00
Public Safety	1,904,951.31	160,305.78	21,007.69	0.00	(1,723,637.84)	0.00	(1,723,637.84)	0.00
Public Works	1,745,296.51	211,235.19	282,924.94	658,914.39	(592,221.99)	0.00	(592,221.99)	0.00
Health and Welfare	96,858.36	0.00	93,326.18	0.00	(3,532.18)	0.00	(3,532.18)	0.00
Culture and Recreation	177,813.60	15,868.00	0.00	0.00	(161,945.60)	0.00	(161,945.60)	0.00
Housing and Development	201,364.11	84,118.00	0.00	0.00	(117,246.11)	0.00	(117,246.11)	0.00
Total Governmental Activities	4,980,621.84	474,657.25	401,483.81	658,914.39	(3,445,566.39)	0.00	(3,445,566.39)	0.00
Business-Type Activities:								
Natural Gas Service	1,357,430.72	1,692,179.24	0.00	0.00	0.00	334,748.52	334,748.52	0.00
Employment Incentive Financing	23,681.11	784.50	0.00	0.00	0.00	(22,896.61)	(22,896.61)	0.00
Total Business-Type Activities	1,381,111.83	1,692,963.74	0.00	0.00	0.00	311,851.91	311,851.91	0.00
Total Activities	6,361,733.67	2,167,620.99	401,483.81	658,914.39	(3,445,566.39)	311,851.91	(3,133,714.48)	0.00
Component Unit	135,829.95	1,015.81	94,290.00	58,142.00	0.00	0.00	0.00	17,617.86
General Revenues								
Sales Taxes					1,027,395.99	0.00	1,027,395.99	0.00
Property Taxes					1,340,973.29	0.00	1,340,973.29	0.00
Other Taxes					1,039,735.55	0.00	1,039,735.55	0.00
Interest Earnings					12,539.20	3,721.55	16,260.75	0.00
Other					2.00	2.00	4.00	0.00
Total General Revenues					3,420,646.03	3,723.55	3,424,369.58	0.00
Transfers					(642,137.94)	324,069.64	(318,068.30)	318,068.30
Total General Revenues and Transfer					2,778,508.09	327,793.19	3,106,301.28	318,068.30
Change in Net Position					(667,058.30)	639,645.10	(27,413.20)	335,686.16
Net Position at Beginning of Year					6,646,615.84	6,109,868.70	12,756,484.54	442,354.70
Prior Period Adjustment					(614,758.88)	(81,851.75)	(696,610.63)	0.00
Net Position at End of Year					5,364,798.66	6,667,662.05	12,032,460.71	778,040.86

The accompanying Notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

BALANCE SHEET

AUGUST 31, 2015

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Current Assets:					
Cash	0.00	27,383.76	357,988.70	18,266.59	403,639.05
Receivables:					
Accounts, Net of Allowance for Doubtful Accounts	18,757.99	0.00	0.00	0.00	18,757.99
Taxes, Net of Allowance for Doubtful Accounts	197,685.91	0.00	0.00	765.14	198,451.05
Intergovernmental	167,256.67	0.00	0.00	0.00	167,256.67
Time Certificates of Deposit	215,000.00	487,500.00	0.00	0.00	702,500.00
Restricted Assets:					
Time Certificates of Deposit	351,571.94	500,000.00	0.00	0.00	851,571.94
Total Assets	950,272.51	1,014,883.76	357,988.70	19,031.73	2,342,176.70
Liabilities and Fund Balances					
Liabilities:					
Cash Overdraft	602,707.05	0.00	0.00	0.00	602,707.05
Accounts Payable	237,116.95	0.00	0.00	0.00	237,116.95
Accrued Wages	20,501.31	0.00	0.00	0.00	20,501.31
Deposit	45,267.38	0.00	0.00	0.00	45,267.38
Total Liabilities	905,592.69	0.00	0.00	0.00	905,592.69
Deferred Inflow of Property Taxes	21,876.74	0.00	0.00	0.00	21,876.74
Total Liabilities and Deferred Inflows of Resources	927,469.43	0.00	0.00	0.00	927,469.43
Fund Balance:					
Restricted	0.00	500,000.00	357,988.70	15,528.03	873,516.73
Committed	351,571.94	514,883.76	0.00	0.00	866,455.70
Assigned	0.00	0.00	0.00	3,503.70	3,503.70
Unassigned	(328,768.86)	0.00	0.00	0.00	(328,768.86)
Total Fund Balance	22,803.08	1,014,883.76	357,988.70	19,031.73	1,414,707.27
Total Liabilities and Fund Balance	950,272.51	1,014,883.76	357,988.70	19,031.73	2,342,176.70

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, 2015

Total Governmental Fund Balances		1,414,707.27
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	8,205,108.99	
Less accumulated depreciation	(3,675,835.54)	4,529,273.45
Compensated absences are not due and payable in the current period and therefore are not reported in the funds:		(85,480.99)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	342,405.31	
Deferred outflows of resources - pension contributions subsequent to the measurement date	(6,384.01)	
Deferred inflows of resources - pension experience differences	(151,652.67)	
Deferred inflows of resources - pension assumption changes	(22,645.64)	
Deferred inflows of resources - pension investment return	(72,668.18)	89,054.81
Prior period adjustment to record net pension liability upon adoption of changed accounting principal		(614,758.88)
Net Position of Governmental Activities		5,332,795.66

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, 2015

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	3,397,626.45	0.00	0.00	10,478.38	3,408,104.83
Licenses and Permits	84,118.00	0.00	0.00	0.00	84,118.00
Intergovernmental	401,483.81	0.00	658,914.39	0.00	1,060,398.20
Charges for Services	226,246.65	0.00	0.00	0.00	226,246.65
Fines and Forfeitures	159,212.28	0.00	0.00	1,093.50	160,305.78
Other	10,082.23	5,228.73	1,149.82	65.24	16,526.02
Total Revenues	4,278,769.42	5,228.73	660,064.21	11,637.12	4,955,699.48
Expenditures					
Current:					
General Government	812,090.68	0.00	0.00	0.00	812,090.68
Judicial	18,900.00	0.00	0.00	0.00	18,900.00
Public Safety	1,913,387.12	0.00	0.00	4,420.55	1,917,807.67
Public Works	1,410,587.42	0.00	0.00	0.00	1,410,587.42
Health and Welfare	96,858.36	0.00	0.00	0.00	96,858.36
Culture and Recreation	114,410.54	0.00	0.00	0.00	114,410.54
Housing and Development	146,439.25	0.00	0.00	11,500.00	157,939.25
Capital Outlay	0.00	0.00	715,715.88	0.00	715,715.88
Total Expenditures	4,512,673.37	0.00	715,715.88	15,920.55	5,244,309.80
Excess (Deficiency) of Revenues	(233,903.95)	5,228.73	(55,651.67)	(4,283.43)	(288,610.32)
Other Financing Sources (Uses)					
Transfer In	205,000.00	0.00	0.00	0.00	205,000.00
Net Change in Fund Balance	(28,903.95)	5,228.73	(55,651.67)	(4,283.43)	(83,610.32)
Fund Balance at Beginning of Year	51,707.03	1,009,655.03	413,640.37	23,315.16	1,498,317.59
Fund Balance at End of Year	22,803.08	1,014,883.76	357,988.70	19,031.73	1,414,707.27

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, 2015

Net Changes In Fund Balances - Total Governmental Funds			(83,610.32)
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 a summary of the amount that capital outlay exceeded capital asset activity in the current period.			
	Cost of capital assets acquired	117,406.49	
	Depreciation expense	(459,951.95)	
	Loss on disposal of capital asset	(118.47)	
	Cost of capital asset transferred to the component unit	(350,071.30)	(692,735.23)
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 8/31/14	73,710.43	
	Liability at 8/31/15	(85,480.99)	(11,770.56)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.			
	Pension expense		89,054.81
Change In Net Position of Governmental Activities			(699,061.30)

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, 2015

	General Fund				Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues								
Taxes	3,389,135.00	3,389,135.00	3,397,626.45	8,491.45	0.00	0.00	0.00	0.00
Licenses and Permits	75,000.00	75,000.00	84,118.00	9,118.00	0.00	0.00	0.00	0.00
Intergovernmental Revenues	80,000.00	371,800.00	401,483.81	29,683.81	0.00	0.00	0.00	0.00
Charges for Services	221,101.00	221,101.00	226,246.65	5,145.65	0.00	0.00	0.00	0.00
Fines and Forfeitures	250,000.00	250,000.00	159,212.28	(90,787.72)	0.00	0.00	0.00	0.00
Other	21,013.00	21,013.00	10,082.23	(10,930.77)	0.00	0.00	5,228.73	5,228.73
Total Revenues	4,036,249.00	4,328,049.00	4,278,769.42	(49,279.58)	0.00	0.00	5,228.73	5,228.73
Expenditures								
General Government	880,751.00	856,051.00	812,090.68	(43,960.32)	0.00	0.00	0.00	0.00
Judicial	18,800.00	19,000.00	18,900.00	(100.00)	0.00	0.00	0.00	0.00
Public Safety	1,853,298.00	1,943,298.00	1,913,387.12	(29,910.88)	0.00	0.00	0.00	0.00
Public Works	1,142,234.00	1,417,234.00	1,410,587.42	(6,646.58)	0.00	0.00	0.00	0.00
Health and Welfare	80,400.00	102,400.00	96,858.36	(5,541.64)	0.00	0.00	0.00	0.00
Culture and Recreation	124,000.00	124,000.00	114,410.54	(9,589.46)	0.00	0.00	0.00	0.00
Housing and Development	149,993.00	159,593.00	146,439.25	(13,153.75)	0.00	0.00	0.00	0.00
Total Expenditures	4,249,476.00	4,621,576.00	4,512,673.37	(108,902.63)	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures	(213,227.00)	(293,527.00)	(233,903.95)	59,623.05	0.00	0.00	5,228.73	5,228.73
Other Financing Sources (Uses)								
Transfers In	213,227.00	293,527.00	205,000.00	(88,527.00)	0.00	0.00	0.00	0.00
Net Other Financing Sources	213,227.00	293,527.00	205,000.00	(88,527.00)	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(28,903.95)	(28,903.95)	0.00	0.00	5,228.73	5,228.73
Fund Balance at Beginning of Year			51,707.03				1,009,655.03	
Fund Balance at End of Year			22,803.08				1,014,883.76	

The accompanying notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

AUGUST 31, 2015

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash	1,451,550.87	15,273.69	1,466,824.56
Time Certificates of Deposit	392,439.24	0.00	392,439.24
Accounts Receivable, Net of Allowance for Doubtful Accounts	32,474.48	0.00	32,474.48
Prepaid Tax	2,638.52	0.00	2,638.52
Note Receivable	0.00	58,588.59	58,588.59
Time Certificates of Deposit, Customer Deposits	382,641.73	0.00	382,641.73
Total Current Assets	2,261,744.84	73,862.28	2,335,607.12
Noncurrent Assets			
Capital Assets:			
Nondepreciable	75,439.00	0.00	75,439.00
Depreciable, Net Accumulated Depreciation	4,422,473.03	0.00	4,422,473.03
Total Noncurrent Assets	4,497,912.03	0.00	4,497,912.03
Total Assets	6,759,656.87	73,862.28	6,833,519.15
Deferred Outflows of Resources	20,337.85	0.00	20,337.85
Total Assets and Deferred Outflows of Resources	6,779,994.72	73,862.28	6,853,857.00
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable	13,431.22	1,250.00	14,681.22
Customer Deposits	63,404.29	0.00	63,404.29
Current Portion of Compensated Absences Payable	3,464.33	0.00	3,464.33
Total Current Liabilities	80,299.84	1,250.00	81,549.84
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	13,857.33	0.00	13,857.33
Net Pension Liability	59,168.27	0.00	59,168.27
Total Long-Term Liabilities	73,025.60	0.00	73,025.60
Total Liabilities	153,325.44	1,250.00	154,575.44
Deferred Inflows of Resources	31,619.51	0.00	31,619.51
Total Liabilities and Deferred Inflows of Resources	184,944.95	1,250.00	186,194.95
Net Position			
Investment in Capital Assets	4,497,912.03	0.00	4,497,912.03
Restricted for Program Purposes	0.00	72,612.28	72,612.28
Unrestricted	2,097,137.74	0.00	2,097,137.74
Total Net Position	6,595,049.77	72,612.28	6,667,662.05

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, 2015

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Operating Revenues			
Charges for Sales and Services	1,689,903.88	784.50	1,690,688.38
Miscellaneous	2,275.36	0.00	2,275.36
Total Operating Revenues	1,692,179.24	784.50	1,692,963.74
Operating Expenses			
Cost of Natural Gas	661,197.75	0.00	661,197.75
Personnel Services and Employee Benefits	328,610.40	0.00	328,610.40
Professional Services	30,016.50	1,250.00	31,266.50
Maintenance and Repairs	35,976.21	0.00	35,976.21
Depreciation Expense	120,270.61	0.00	120,270.61
Insurance	9,878.04	0.00	9,878.04
Communications	25,507.38	0.00	25,507.38
Supplies, Hardware and Small Equipment	85,359.88	0.00	85,359.88
Gasoline	18,884.61	0.00	18,884.61
Utilities	9,635.23	0.00	9,635.23
Taxes	25,104.30	0.00	25,104.30
Bad Debt	0.00	22,431.11	22,431.11
Other	6,989.81	0.00	6,989.81
Total Operating Expenses	1,357,430.72	23,681.11	1,381,111.83
Operating Income (Loss)	334,748.52	(22,896.61)	311,851.91
Non-Operating Revenues (Expenses)			
Interest Income	3,659.34	62.21	3,721.55
Net Income Before Transfers	338,407.86	(22,834.40)	315,573.46
Transfer from SPLOST Fund	529,069.64	0.00	529,069.64
Donation of Property	2.00	0.00	2.00
Transfer to the General Fund	(205,000.00)	0.00	(205,000.00)
Change in Net Position	662,479.50	(22,834.40)	639,645.10
Net Position at Beginning of Year	6,014,422.02	95,446.68	6,109,868.70
Prior Period Adjustment	(81,851.75)	0.00	(81,851.75)
Net Position at End of Year	6,595,049.77	72,612.28	6,667,662.05

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, 2015

	Business-type Activities: Enterprise Funds		
	Major Fund Natural Gas Fund	Nonmajor Fund Revolving Loan Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	1,694,497.88	2,195.91	1,696,693.79
Cash Loan Issued	0.00	(60,000.00)	(60,000.00)
Cash Payments for Personnel Services	(343,031.68)	0.00	(343,031.68)
Cash Payments for Goods and Services	(917,244.78)	(1,250.00)	(918,494.78)
Net Cash Provided (Used) by Operating Activities	434,221.42	(59,054.09)	375,167.33
Cash Flows from Noncapital Financing Activities			
Operating Transfer to the General Fund	(205,000.00)	0.00	(205,000.00)
Net Cash Provided (Used) by Noncapital Financing Activities	(205,000.00)	0.00	(205,000.00)
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(38,976.99)	0.00	(38,976.99)
Net Cash Provided (Used) by Capital and Related Financing Activities	(38,976.99)	0.00	(38,976.99)
Cash Flows from Investing Activities			
Earnings On Investments	3,659.34	62.21	3,721.55
(Increase) Decrease in Investments	(3,276.15)	0.00	(3,276.15)
Net Cash Flows From Investing Activities	383.19	62.21	445.40
Net Increase (Decrease) in Cash	190,627.62	(58,991.88)	131,635.74
Cash at Beginning of Year	1,260,923.25	74,265.57	1,335,188.82
Cash at End of Year	1,451,550.87	15,273.69	1,466,824.56
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	334,748.52	(22,896.61)	311,851.91
Adjustments:			
Depreciation	120,270.61	0.00	120,270.61
(Increase) Decrease in Assets:			
Accounts / Notes Receivable	3,922.79	(36,157.48)	(32,234.69)
Sales Tax Deposit	(2,638.52)	0.00	(2,638.52)
Increase (Decrease) in Liabilities:			
Accounts Payable	(6,056.55)	0.00	(6,056.55)
Customer Deposits	(1,604.15)	0.00	(1,604.15)
Accrued Liabilities	(3,019.46)	0.00	(3,019.46)
Net Change in Pension Liability and Deferrals	(11,401.82)	0.00	(11,401.82)
Net Cash Provided by (Used in) Operating Activities	434,221.42	(59,054.09)	375,167.33

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

Noncash Capital and Related Financing Activities:			
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	529,069.64	0.00	529,069.64
Donations of Rights of Way	2.00	0.00	2.00
	529,071.64	0.00	529,071.64

The accompanying Notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The 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. In addition to the basic financial statements, 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. The primary government and the discretely presented component unit are presented separately within these statements, with the focus on the primary government. Individual funds are aggregated as governmental and business-type activities. Governmental activities are those which are supported by taxes, grants and general revenues. Whereas, business-type activities are those which are financed in whole or in part with user fees charged to external customers.

Note 1 - Summary of Significant Accounting Policies (continued)

The statement of net position presents the financial position of the governmental and business-type activities of the City, and it's discretely presented component unit, at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of governmental activities, for each identifiable activity of business-type activities and for the component unit. 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*.

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

Note 1 – Summary of Significant Accounting Policies (continued)

- ***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 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

Note 1 - Summary of Significant Accounting Policies (continued)

fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

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

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

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

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

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

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

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

1-E-2 Receivables

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

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-

Note 1 – Summary of Significant Accounting Policies (continued)

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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary 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 right-of- ways. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives of infrastructure are estimated based on the City's experience with necessary improvements and replacements.

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-I-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 $175,832 at August 31, 2015. This commitment may be revised by action of the City Council.

1-E-11 Contributions of Capital

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

1-F. Operating Revenues and Expenses

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

Note 1 – Summary of Significant Accounting Policies (continued)

1-G. 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-H. 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. Change in Accounting Principal and Prior Period Adjustment

The City has implemented the Governmental Accounting Standards Board (GASB) Statement number 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement number 27* and corollary GASB Statement number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements change the employer reporting requirements for accounting for the recognition of a liability associated with pension benefits offered to employees. To accommodate this change, the beginning net positions for governmental and business-type activities are restated with prior period adjustments. The adjustments are as follows:

	Governmental Activities	Business-Type Activities
Beginning net position, September 1, 2014, as previously reported	6,646,615.84	6,109,868.70
Change in accounting principle resulting from the implementation of GASB statement numbers 68 and 71	(614,758.88)	(81,851.75)
Beginning net position, September 1, 2014, as restated	6,031,856.96	6,028,016.95

2-B. 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.

Note 2 – Stewardship, Compliance and Accountability (continued)

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-C. Excess of Expenditures over Appropriations

Expenditures did not exceed the final budget at the function or fund level.

2-D. Report Classifications

Comparative data for the prior year is presented in the financial statements in order to provide an understanding of the changes in the financial position and the results of operations. Certain previously reported amounts have been reclassified in order to be consistent with the current year's presentation.

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, 2015, 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, 2015 are in the form of bank certificates of deposit. Certificates with maturity periods greater than 90 days are classified as investments.

At August 31, 2015, 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, 2015, 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

Note 3 – Detailed Notes on All Funds (continued)

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, 2015 for governmental activities, business-type activities and the component unit is presented in the following tables.

City of Eatonton
Changes in Governmental Capital Assets

Governmental activities:	8/31/2014	Additions	Deductions	8/31/2015
Capital assets not being depreciated:				
Land	332,545.90	2.00	30,000.00	302,547.90
Construction in progress	468,935.72	16,992.99	457,329.72	28,598.99
Total non-depreciable capital assets	801,481.62	16,994.99	487,329.72	331,146.89
Depreciable capital assets:				
Buildings and improvements	2,789,001.34	107,258.42	0.00	2,896,259.76
Furniture, fixtures, machinery and equipment	1,254,665.26	0.00	10,351.00	1,244,314.26
Infrastructure	3,602,976.58	162,414.50	0.00	3,765,391.08
Total depreciable capital assets	7,646,643.18	269,672.92	10,351.00	7,905,965.10
Total capital assets	8,448,124.80	286,667.91	497,680.72	8,237,111.99
Accumulated depreciation:				
Buildings and improvements	904,891.26	104,855.43	0.00	1,009,746.69
Furniture, fixtures, machinery and equipment	975,725.16	59,095.38	10,232.53	1,024,588.01
Infrastructure	1,345,499.70	296,001.14	0.00	1,641,500.84
Total accumulated depreciation	3,226,116.12	459,951.95	10,232.53	3,675,835.54
Governmental activities capital assets, net	5,222,008.68	(173,284.04)	487,448.19	4,561,276.45

Governmental Activities Depreciation Expense

General Government	40,515.71
Public Safety	33,373.86
Public Works	276,429.31
Culture and Recreation	65,173.05
Housing and Development	44,460.02
Total Governmental Activities Depreciation Expense	459,951.95

Note 3 - Detailed Notes on All Funds (continued)

City of Eatonton
Changes in Proprietary Funds Capital Assets

Business-type activities:	8/31/2014	Additions	Deductions	8/31/2015
Capital assets not being depreciated:				
Land	57,013.00	2.00	0.00	57,015.00
Intangible Assets	18,424.00	0.00	0.00	18,424.00
Construction in progress	50,926.75	0.00	50,926.75	0.00
Total non-depreciable capital assets	126,363.75	2.00	50,926.75	75,439.00
Depreciable capital assets:				
Furniture, fixtures, machinery and equipment	356,934.07	20,000.00	0.00	376,934.07
Infrastructure	6,168,291.19	598,973.38	0.00	6,767,264.57
Total depreciable capital assets	6,525,225.26	618,973.38	0.00	7,144,198.64
Total capital assets	6,651,589.01	618,975.38	50,926.75	7,219,637.64
Accumulated depreciation:				
Furniture, fixtures, machinery and equipment	327,673.84	17,084.72	0.00	344,758.56
Infrastructure	2,273,781.16	103,185.89	0.00	2,376,967.05
Total accumulated depreciation	2,601,455.00	120,270.61	0.00	2,721,725.61
Business-type activities capital assets, net	4,050,134.01	498,704.77	50,926.75	4,497,912.03

Component Unit: Eatonton Downtown Development Authority
Changes in Capital Assets

Business-type activities:	8/31/2014	Additions	Deductions	8/31/2015
Capital assets not being depreciated:				
Land	251,075.64	30,000.00	0.00	281,075.64
Total non-depreciable capital assets	251,075.64	30,000.00	0.00	281,075.64
Depreciable capital assets:				
Infrastructure	0.00	485,577.19	0.00	485,577.19
Total depreciable capital assets	0.00	485,577.19	0.00	485,577.19
Total capital assets	251,075.64	515,577.19	0.00	766,652.83
Accumulated depreciation:				
Infrastructure	0.00	48,558.00	0.00	48,558.00
Total accumulated depreciation	0.00	48,558.00	0.00	48,558.00
Business-type activities capital assets, net	251,075.64	467,019.19	0.00	718,094.83

Note 3 – Detailed Notes on All Funds (continued)

3-D. – Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s). Consequently, it will not be recognized as an outflow of resources (expense / expenditure) until then. At August 31, 2015, all deferred outflows of resources are related to the changes in the net pension liability as discussed below. These amounts represent contributions to the pension plan that were made after the plan measurement date and before the end of the City's fiscal year. Related items are reported in government activities and in business-type activities.

Conversely, in addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports these items in both government activities and business-type activities. All such items in business-type activities result from changes in the net pension liability as discussed below. In governmental activities, deferred inflows of resources result from two sources: property taxes, which are recognized as a receivable prior to the period for which they qualify as revenues, $21,876.74; and changes in net pension liability, $246,966.49.

As noted above, the City has deferred inflows and outflows that are related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time, instead of being recognized entirely in the year of occurrence.

(1) Experience gains or losses result from periodic measurements by the pension plan's actuary which adjust the net pension liability for certain trend information that was previously assumed to reflect actual experience. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources. They are then amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

(2) The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

(3) Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

3-E. – Interfund Balances and Transfers

Interfund Balances – Interfund balances represent reimbursable expenses. There were no interfund balances at August 31, 2015.

Interfund Transfers – Two interfund transfers were made during the year ended August 31, 2015. Firstly, the cost of capital construction, purchased through the SPLOST Fund, $529,069.64, was transferred to the Natural Gas Fund. Secondly, the Natural Gas Fund made a transfer of $205,000.00 to the General Fund.

In addition, governmental activities transferred the costs of capital construction, $350,071.30, to the component unit.

Note 3 – Detailed Notes on All Funds (continued)

3-F. Long-Term Debt

All long-term debt consists of estimates of future payments of future benefits to employees. These benefits are compensated absences payable and pension benefits. Because there are no borrowings, no interest cost is recorded.

The following schedule of changes in long-term debt reflects the fiscal year 2015 prior period adjustment to the August 31, 2014 obligations for net pension liabilities. These amounts are presented as pension obligations at August 31, 2014.

Changes in Long-Term Debt for the year ended August 31, 2015

Employee Benefits	8/31/2014 Obligation	+	Additions	-	Reductions	=	8/31/2015 Obligation	=	8/31/2015 Current	+	8/31/2015 Long-Term
General Fund											
Compensation	73,710.43		13,493.78		1,723.22		85,480.99		17,096.20		68,384.79
Pension	614,758.88		0.00		183,516.15		431,242.73		0.00		431,242.73
Natural Gas Fund											
Compensation	20,341.12		0.00		3,019.46		17,321.66		3,464.33		13,857.33
Pension	81,851.75		0.00		22,683.48		59,168.27		0.00		59,168.27
Totals	790,662.18		13,493.78		210,942.31		593,213.65		20,560.53		572,653.12

3-G. 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. Historically, all full-time City employees were eligible to participate in GMEBS after completing one year of service. Effective January 1, 2015, the plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the plan and has no impact on benefits. Benefits vest after ten (10) years of service. The benefit formula is 1.25% - 1.75% (table breakpoint). 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 Plan is subject to minimum funding standards as set forth in the Public Retirement System Standards Law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan, as adopted by the City Council, is to contribute an amount equal to the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees are not required to contribute to the fund.

Note 3 – Detailed Notes on All Funds (continued)

Contributions. The recommended contribution at January 1, 2014, for the City's fiscal year ending August 31, 2015, was $188,556. This amount represents 10.32 percent of expected payroll. Accordingly, the City contributed this amount. During the plan reporting period, employer contributions of $195,757 were recognized by the plan.

Accounting for Pension Liability and Expense. The City implemented the Provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which significantly changed the City's accounting for pension amounts. The following information is presented in accordance with the new standards.

Actuarial Assumptions and Methods. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Thus, actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect as of September 30, 2014.

The City's net pension liability was measured as of September 30, 2014; the total pension liability was determined by an actuarial valuation as of January 1, 2015. Update procedures were performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014, making those numbers applicable to the fiscal year ending August 31, 2015.

Significant actuarial assumptions are used to compute the annual recommended contribution and the net pension liability. Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014, assumptions were changed in this valuation. Those assumptions and/or the tables that were used for the current valuation are as follows:

	Actuarial Methods and Assumptions for Valuation Date January 1, 2015
Mortality rates:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan Termination Basis (all lives)	1994 Group Annuity Reserving Unisex Tables
Turnover:	Rates were updated to introduce select rates for service less than five years; to reduce the ultimate rate by 15%; and to assume no turnover after age 55. The select period rates were further constrained to not be less than the ultimate rates.
Retirement rates:	The rates where normal retirement is only available on or after age 65, were changed to the new assumption of 60% at ages 65 to 69 100% at age 70. Where normal retirement is available prior to age 65, the new assumption of 10% at ages 55 to 59; 20% at age 60; 25% at age 62; 40% at age 63; 45% at age 64; 50% at ages 65 - 69; and 100% at age 70.
Inflation:	The assumed rate was decreased from 3.5% to 3.25%.
Salary Increase Assumption:	Increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Note 3 – Detailed Notes on All Funds (continued)

The following assumptions remained consistent:

Actuarial Cost Method:	Project unit cost
Amortization Method:	Closed level dollar for remaining unfunded liability
Remaining Amortization Period:	Varies for the bases, with a net effective net amortization period of 10 years.
Asset Valuation Method:	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Cost of Living Adjustments:	0.00%
Net Investment Rate of Return:	7.75%. Ongoing basis, based on long-term expected rate of return on pension plan investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real Estate	10%	3.75%
Cash	0%	
Total	100%	

Plan termination basis:	3.20% (30 year Treasury securities rate as of August 2014, published in September 2014; 3.76% last year)

Note 3 – Detailed Notes on All Funds (continued)

Changes in the components of the net pension liability for the year ended August 31, 2015, were as follows:

Changes in the Net Pension Liability			
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2013	3,691,453.00	2,814,798.00	876,655.00
Changes for the year:			
Service cost	106,312.00	0.00	106,312.00
Interest	280,991.00	0.00	280,991.00
Differences between expected and actual experience	(228,092.00)	0.00	(228,092.00)
Contributions - employer	0.00	195,757.00	(195,757.00)
Net investment income	0.00	322,821.00	(322,821.00)
Benefit payments including refunds of employee contributions	(131,526.00)	(131,526.00)	0.00
Administrative expense	0.00	(7,183.00)	7,183.00
Other	(34,060.00)	0.00	(34,060.00)
Net changes	(6,375.00)	379,869.00	(386,244.00)
Balances at September 30, 2014	3,685,078.00	3,194,667.00	490,411.00

Possible variations in the net pension liability, when calculated with 1% variations in the discount rate, are presented in the following table.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	930,445	490,411	117,449

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

Pension Expense recognized for the year ended August 31, 2015 is $88,099.

Note 3 – Detailed Notes on All Funds (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions are derived from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	172,843	0
Differences between expected and actual experience	0	(171,069)
Changes in assumptions	0	(25,545)
Net difference between projected and actual earnings on pension plan investments	0	(81,972)
	172,843	(278,586)

City contributions that were made subsequent to the measurement date are reported as deferred outflows of resources. This amount, $172,843 , will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

	Year Established	Projected Recognition of Deferred (Inflows) for years ended August 31, 2016	2017	2018	2019	2020
Demographic	2015	(57,023)	(57,023)	(57,023)	0	0
Assumption change	2015	(8,515)	(8,515)	(8,515)	0	0
Investment	2015	(20,493)	(20,493)	(20,493)	(20,493)	0
Total (Inflows)		(86,031)	(86,031)	(86,031)	(20,493)	0

3-H. Post-employment Benefits

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

3-I. Equity

3-I-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, 2015 is determined as presented in the table on the following page.

Note 3 – Detailed Notes on All Funds (continued)

	Governmental Activities	Business Type Activities	Total
Cost of Capital Assets	8,205,108.99	7,219,637.64	15,424,746.63
Less Accumulated Depreciation	3,675,835.54	2,721,725.61	6,397,561.15
Net Investment in Capital Assets	4,529,273.45	4,497,912.03	9,027,185.48

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

Governmental Funds	
General Fund	
Committed by city council for capital outlay	351,571.94
Unassigned	(328,768.86)
	22,803.08
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	514,883.76
Police Condemnation Fund	
Restricted by law for law enforcement equipment and supplies	15,528.03
Hotel / Motel Tax Fund assigned for development	3,503.70
	1,033,915.49
Capital Projects Funds	
Special Local Option Sales Tax Fund	
Restricted by referendum for capital outlay	357,988.70
	1,414,707.27

3-J. 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

Note 4 - Other Notes (continued)

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.

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.

Note 4 - Other Notes (continued)

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, 2015, was approximately $1,643,000.

Litigation

In the opinion of the City attorney, there were no legal actions in progress by or against the City at August 31, 2015, 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, 2015.

4-D. Property Taxes and Local Option Sales Tax

The City levied property taxes on September 2, 2014. All property taxes were due by December 1, 2014. 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, 2015, the City paid $7,128 in dues.

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

Note 4 - Other Notes (continued)

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

4-H. Notes Receivable – Revolving Loan Fund

At August 31, 2015, 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.

During this fiscal year the City wrote off its loan to Heaven's Gate, LLC. The amount of the loss was $22,431.11.

Loans Receivable - Revolving Loan Fund - August 31, 2015

Brown Dog Restaurants, LLC	
Original amounts of two, combined loans: $60,000	
Interest rate: 5%; payable in monthly installments through May 2, 2025	
At August 31, 2015, payments were behind schedule.	
The outstanding balance at August 31, 2015 was	$58,203.16

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	10,478.38
Services contracted with the Chamber of Commerce	(11,500.00)
Decrease in Fund Balance	(1,021.62)

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

	2015
Total Pension Liability	
Service Cost	106,312
Interest	280,991
Differences between expected and actual experience	(228,092)
Changes of assumptions	(34,060)
Changes of benefit terms	0
Benefit payments, including refunds of employee contributions	(131,526)
Net change in total pension liability	(6,375)
Total pension liability - beginning	3,691,453
Total pension liability - ending (a)	3,685,078
Plan Fiduciary Net Position	
Contributions - employer	195,757
Net investment income	322,821
Benefit payments, including refunds of employee contributions	(131,526)
Administrative expense	(7,183)
Net change in fiduciary net position	379,869
Plan fiduciary net position - beginning	2,814,798
Plan fiduciary net position - ending (b)	3,194,667
Net pension liability - ending (a) - (b)	490,411
Plan fiduciary net position as a percentage of the total pension liability	86.69%
Covered employee payroll	1,817,904
Net pension liability as a percentage of covered employee payroll	26.98%

Notes to the Schedule

The schedule will present 10 years of information as it accumulates.

Schedule of Contributions

The schedule will present 10 years of information as it accumulates. 2015 information will be determined after fiscal year end and will be included in the 2016 valuation report.

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, 2015 and 2014

	2015	2014
Assets		
Current Assets:		
Receivables:		
Accounts, Net of Allowance for Doubtful Accounts	18,757.99	21,782.58
Property Taxes, Net of Allowance for Doubtful Accounts	197,685.91	134,006.19
Intergovernmental	167,256.67	229,894.15
Interfund	0.00	1,500.00
Time Certificates of Deposit	215,000.00	215,000.00
Restricted Assets:		
Time Certificates of Deposit	351,571.94	351,409.85
Total Assets	950,272.51	953,592.77
Liabilities, Deferred Inflow of Resources, Fund Balance		
Liabilities:		
Cash Overdraft	602,707.05	485,849.79
Accounts Payable	237,116.95	249,818.91
Accrued Wages and Related Liabilities	20,501.31	18,501.44
Deposits	45,267.38	47,677.45
Total Liabilities	905,592.69	801,847.59
Deferred Inflow of Property Taxes	21,876.74	100,038.15
Total Liabilities and Deferred Inflows of Resources	927,469.43	901,885.74
Fund Balance:		
Committed for Capital Outlay	351,571.94	351,409.85
Unassigned	(328,768.86)	(299,702.82)
Total Fund Balance	22,803.08	51,707.03
Total Liabilities, Deferred Inflows of Resources and Fund Balance	950,272.51	953,592.77

CITY OF EATONTON, GEORGIA

GENERAL FUND

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

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes	3,389,135.00	3,389,135.00	3,397,626.45	8,491.45	3,360,049.78
Licenses and Permits	75,000.00	75,000.00	84,118.00	9,118.00	82,271.00
Intergovernmental Revenues	80,000.00	371,800.00	401,483.81	29,683.81	207,475.83
Charges for Services	221,101.00	221,101.00	226,246.65	5,145.65	228,917.63
Fines and Forfeitures	250,000.00	250,000.00	159,212.28	(90,787.72)	146,820.99
Other	21,013.00	21,013.00	10,082.23	(10,930.77)	6,269.92
Total Revenues	4,036,249.00	4,328,049.00	4,278,769.42	(49,279.58)	4,031,805.15
Expenditures					
Current:					
General Government	880,751.00	856,051.00	812,090.68	(43,960.32)	813,964.65
Judicial	18,800.00	19,000.00	18,900.00	(100.00)	18,650.00
Public Safety	1,853,298.00	1,943,298.00	1,913,387.12	(29,910.88)	1,853,776.41
Public Works	1,142,234.00	1,417,234.00	1,410,587.42	(6,646.58)	1,212,046.77
Health and Welfare	80,400.00	102,400.00	96,858.36	(5,541.64)	65,298.15
Culture and Recreation	124,000.00	124,000.00	114,410.54	(9,589.46)	227,370.89
Housing and Development	149,993.00	159,593.00	146,439.25	(13,153.75)	149,251.65
Total Expenditures	4,249,476.00	4,621,576.00	4,512,673.37	(108,902.63)	4,340,358.52
Excess (Deficiency) of Revenues	(213,227.00)	(293,527.00)	(233,903.95)	59,623.05	(308,553.37)
Other Financing Sources (Uses)					
Transfer In: Natural Gas Fund	213,227.00	293,527.00	205,000.00	(88,527.00)	305,690.00
Total Other Financing Sources (Uses)	213,227.00	293,527.00	205,000.00	(88,527.00)	305,690.00
Net Change in Fund Balance	0.00	0.00	(28,903.95)	(28,903.95)	(2,863.37)
Fund Balance at Beginning of Year			51,707.03		54,570.40
Fund Balance at End of Year			22,803.08		51,707.03

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes:					
Property Taxes	1,031,333.00	1,031,333.00	1,340,973.29	309,640.29	1,182,899.53
Local Option Sales Tax	1,326,802.00	1,326,802.00	1,027,395.99	(299,406.01)	1,230,893.87
Tax on Insurance Premiums	334,000.00	334,000.00	349,820.96	15,820.96	334,264.15
Utility Franchise Tax	415,000.00	415,000.00	439,291.86	24,291.86	390,921.94
Alcoholic Beverage Tax	282,000.00	282,000.00	203,497.28	(78,502.72)	214,753.14
Delinquent Tax Penalties and Interest	0.00	0.00	36,647.07	36,647.07	6,317.15
	3,389,135.00	3,389,135.00	3,397,626.45	8,491.45	3,360,049.78
Licenses and Permits:					
Business Licenses	75,000.00	75,000.00	84,118.00	9,118.00	82,271.00
	75,000.00	75,000.00	84,118.00	9,118.00	82,271.00
Intergovernmental Grants for:					
General Government	0.00	0.00	4,225.00	4,225.00	14,753.55
Public Safety	10,000.00	10,000.00	21,007.69	11,007.69	30,218.41
Public Works	70,000.00	361,800.00	282,924.94	(78,875.06)	0.00
Health and Welfare	0.00	0.00	93,326.18	93,326.18	70,588.87
Culture and Recreation	0.00	0.00	0.00	0.00	91,915.00
	80,000.00	371,800.00	401,483.81	29,683.81	207,475.83
Charges for Services:					
General Government	1,000.00	1,000.00	3,130.28	2,130.28	3,151.15
Public Works	208,100.00	208,100.00	207,248.37	(851.63)	210,340.48
Culture and Recreation	12,001.00	12,001.00	15,868.00	3,867.00	15,426.00
	221,101.00	221,101.00	226,246.65	5,145.65	228,917.63
Fines and Forfeitures:					
Municipal Court	250,000.00	250,000.00	159,212.28	(90,787.72)	146,820.99
	250,000.00	250,000.00	159,212.28	(90,787.72)	146,820.99
Other:					
Interest Earned	15,000.00	15,000.00	6,095.41	(8,904.59)	5,390.48
Sale of Surplus Assets	5,000.00	5,000.00	3,986.82	(1,013.18)	0.00
Miscellaneous	1,013.00	1,013.00	0.00	(1,013.00)	879.44
	21,013.00	21,013.00	10,082.23	(10,930.77)	6,269.92
Total Revenues	4,036,249.00	4,328,049.00	4,278,769.42	(49,279.58)	4,031,805.15
Other Financing Sources					
Transfer from Natural Gas Fund	213,227.00	293,527.00	205,000.00	(88,527.00)	305,690.00
Total Other Financing Sources	213,227.00	293,527.00	205,000.00	(88,527.00)	305,690.00
Total Revenues And Other Financing Sources	4,249,476.00	4,621,576.00	4,483,769.42	(137,806.58)	4,337,495.15

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
General Government					
City Council and Mayor					
Personnel Services and Employee Benefits	90,192.00	103,992.00	110,771.95	6,779.95	107,390.11
Travel, Education and Training	17,200.00	17,200.00	14,666.04	(2,533.96)	12,996.64
Insurance	34,100.00	34,100.00	33,457.27	(642.73)	33,648.12
Communications	2,500.00	2,500.00	1,958.54	(541.46)	2,115.40
Capital Outlay	0.00	0.00	0.00	0.00	2,500.00
Other	6,000.00	6,000.00	2,717.02	(3,282.98)	4,373.21
	149,992.00	163,792.00	163,570.82	(221.18)	163,023.48
Elections					
Poll Workers	9,000.00	9,000.00	9,465.23	465.23	0.00
Travel, Education and Training	1,000.00	1,000.00	119.68	(880.32)	0.00
Communications	600.00	600.00	824.13	224.13	120.00
Supplies	6,000.00	6,000.00	6,181.07	181.07	380.00
	16,600.00	16,600.00	16,590.11	(9.89)	500.00
Financial and General Administration					
Personnel Services and Employee Benefits	307,832.00	307,832.00	286,200.51	(21,631.49)	323,457.60
Travel, Education and Training	7,400.00	7,400.00	4,896.96	(2,503.04)	2,569.76
Professional and Technical Services	84,110.00	59,510.00	73,287.40	13,777.40	70,773.52
Maintenance and Repairs	6,000.00	6,000.00	6,938.96	938.96	9,331.77
Insurance	7,100.00	7,100.00	6,925.87	(174.13)	7,054.44
Communications	14,800.00	14,800.00	17,604.95	2,804.95	15,835.48
Supplies	11,800.00	11,800.00	9,951.73	(1,848.27)	10,512.03
Utilities	1,200.00	1,200.00	5,459.88	4,259.88	5,901.48
Other	4,200.00	4,200.00	1,589.01	(2,610.99)	0.00
	444,442.00	419,842.00	412,855.27	(6,986.73)	445,436.08
Buildings and Grounds					
Personnel Services and Employee Benefits	152,717.00	152,717.00	168,353.57	15,636.57	139,173.06
Professional and Technical Services	69,500.00	55,600.00	0.00	(55,600.00)	0.00
Maintenance and Repairs	12,000.00	12,000.00	11,944.06	(55.94)	23,712.46
Insurance	23,500.00	23,500.00	21,613.08	(1,886.92)	23,496.24
Communications	1,200.00	1,200.00	867.40	(332.60)	826.58
Supplies	4,800.00	4,800.00	7,158.77	2,358.77	10,177.48
Gasoline	4,800.00	4,800.00	5,601.20	801.20	4,701.96
Utilities	1,200.00	1,200.00	3,536.40	2,336.40	2,917.31
	269,717.00	255,817.00	219,074.48	(36,742.52)	205,005.09
Total General Government	880,751.00	856,051.00	812,090.68	(43,960.32)	813,964.65

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Judicial System					
Municipal Court	18,800.00	19,000.00	18,900.00	(100.00)	18,650.00
Total Judicial System	18,800.00	19,000.00	18,900.00	(100.00)	18,650.00
Public Safety					
Police Department					
Personnel Services and Employee Benefits	1,192,243.00	1,215,243.00	1,226,266.71	11,023.71	1,177,887.30
Travel, Education and Training	4,800.00	4,800.00	8,966.88	4,166.88	6,635.97
Professional and Technical Services	28,025.00	28,025.00	10,365.50	(17,659.50)	11,806.08
Maintenance and Repairs	54,000.00	104,000.00	84,318.11	(19,681.89)	62,429.45
Insurance	36,300.00	36,300.00	36,358.03	58.03	35,490.32
Communications	19,700.00	19,700.00	21,967.90	2,267.90	17,698.68
Supplies, Hardware and Small Equipment	25,000.00	55,000.00	45,269.98	(9,730.02)	55,185.64
Gasoline	72,000.00	72,000.00	65,621.59	(6,378.41)	75,523.30
Utilities	12,000.00	12,000.00	12,160.19	160.19	11,465.06
Prisoner Housing	18,000.00	18,000.00	28,115.21	10,115.21	27,534.66
Drug Task Force	5,000.00	5,000.00	5,637.00	637.00	5,000.00
Other	1,200.00	1,200.00	0.00	(1,200.00)	0.00
	1,468,268.00	1,571,268.00	1,545,047.10	(26,220.90)	1,486,656.46
Fire and Rescue Services					
Personnel Services and Employee Benefits	275,730.00	256,730.00	252,687.67	(4,042.33)	267,332.19
Volunteer Fire Fighter Drill Fees	35,000.00	35,000.00	22,037.00	(12,963.00)	19,647.00
Travel, Education and Training	2,400.00	2,400.00	0.00	(2,400.00)	554.52
Maintenance and Repairs	6,000.00	6,000.00	7,915.95	1,915.95	3,501.30
Insurance	8,700.00	8,700.00	8,355.60	(344.40)	8,667.76
Communications	5,000.00	5,000.00	14,216.44	9,216.44	14,504.39
Supplies, Hardware and Small Equipment	4,200.00	4,200.00	11,412.86	7,212.86	6,170.80
Gasoline	6,000.00	6,000.00	4,775.14	(1,224.86)	6,383.97
Rescue Squad Drill Fees	6,000.00	4,800.00	3,760.00	(1,040.00)	4,730.00
	349,030.00	328,830.00	325,160.66	(3,669.34)	331,491.93
Animal Control	36,000.00	43,200.00	43,179.36	(20.64)	35,628.02
Total Public Safety	1,853,298.00	1,943,298.00	1,913,387.12	(29,910.88)	1,853,776.41

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Public Works					
Highways and Streets					
Personnel Services and Employee Benefits	591,774.00	591,774.00	581,676.52	(10,097.48)	566,608.68
Travel, Education and Training	600.00	600.00	2,038.77	1,438.77	167.00
Professional and Technical Services	2,560.00	2,560.00	290.00	(2,270.00)	3,480.40
Maintenance and Repairs	67,600.00	67,600.00	58,888.36	(8,711.64)	139,175.62
Insurance	28,700.00	28,700.00	28,065.93	(634.07)	27,634.16
Communications	5,000.00	5,000.00	3,190.95	(1,809.05)	4,003.68
Supplies, Hardware and Small Equipment	36,000.00	36,000.00	235,899.29	199,899.29	61,273.19
Gasoline	45,000.00	45,000.00	37,338.63	(7,661.37)	52,464.87
Utilities	140,000.00	140,000.00	156,601.07	16,601.07	149,884.05
Prison Crew Fees	80,000.00	80,000.00	85,584.00	5,584.00	75,961.60
Capital Outlay	20,000.00	290,000.00	94,774.79	(195,225.21)	6,300.00
	1,017,234.00	1,287,234.00	1,284,348.31	(2,885.69)	1,086,953.25
Solid Waste and Recycling					
Waste Disposal Fees	114,000.00	119,000.00	117,105.52	(1,894.48)	114,466.44
Insurance	11,000.00	11,000.00	9,133.59	(1,866.41)	10,627.08
	125,000.00	130,000.00	126,239.11	(3,760.89)	125,093.52
Total Public Works	1,142,234.00	1,417,234.00	1,410,587.42	(6,646.58)	1,212,046.77
Health and Welfare					
Mosquito Control	2,900.00	2,900.00	0.00	(2,900.00)	0.00
Seniors Program Operating Support					
Personnel Services and Employee Benefits	0.00	0.00	2,622.36	2,622.36	0.00
Professional and Technical Services	7,500.00	7,500.00	3,320.00	(4,180.00)	0.00
Maintenance and Repairs	2,000.00	2,000.00	11,482.10	9,482.10	2,287.79
Insurance	6,000.00	6,000.00	0.00	(6,000.00)	0.00
Communications	3,000.00	3,000.00	3,351.72	351.72	2,060.47
Supplies, Hardware and Small Equipment	14,000.00	25,900.00	7,236.69	(18,663.31)	5,422.45
Travel	0.00	100.00	536.82	436.82	159.58
Utilities	5,000.00	15,000.00	9,423.67	(5,576.33)	5,359.36
Seniors Meal Costs	40,000.00	40,000.00	58,885.00	18,885.00	50,008.50
	77,500.00	99,500.00	96,858.36	(2,641.64)	65,298.15
Total Health and Welfare	80,400.00	102,400.00	96,858.36	(5,541.64)	65,298.15
Culture and Recreation					
Arts Center Operating Support	60,000.00	60,000.00	60,000.00	0.00	60,000.00
Maintenance and Repairs	5,000.00	5,000.00	5,659.15	659.15	7,065.91
Insurance	15,000.00	15,000.00	13,782.76	(1,217.24)	14,724.44
Utilities	28,000.00	26,000.00	17,198.64	(8,801.36)	22,322.12
Park Development - Capital Outlay	0.00	2,000.00	1,769.99	(230.01)	107,258.42
Library Operating Support	16,000.00	16,000.00	16,000.00	0.00	16,000.00
Total Culture and Recreation	124,000.00	124,000.00	114,410.54	(9,589.46)	227,370.89

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Housing and Development					
Planning and Zoning	4,800.00	4,800.00	2,200.00	(2,600.00)	4,202.00
Historical Commission	2,000.00	2,000.00	1,562.39	(437.61)	735.15
Code Enforcement					
Personnel Services and Employee Benefits	47,353.00	47,353.00	45,492.41	(1,860.59)	45,919.08
Travel, Education and Training	1,100.00	1,100.00	1,074.44	(25.56)	306.99
Professional and Technical Services	0.00	0.00	257.38	257.38	280.00
Insurance	900.00	900.00	833.07	(66.93)	897.72
Communications	600.00	2,700.00	1,802.37	(897.63)	1,834.64
Supplies, Hardware and Small Equipment	240.00	240.00	209.82	(30.18)	599.11
Gasoline	600.00	600.00	607.37	7.37	711.96
Economic Development					
Economic Development Grants	92,400.00	99,900.00	92,400.00	(7,500.00)	93,765.00
Total Housing and Development	149,993.00	159,593.00	146,439.25	(13,153.75)	149,251.65
Total Expenditures	4,249,476.00	4,621,576.00	4,512,673.37	(108,902.63)	4,340,358.52

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, 2015 and 2014

	2015	2014
Assets		
Current Assets:		
Cash and Cash Equivalents	27,383.76	22,155.03
Time Certificates of Deposit	487,500.00	487,500.00
Restricted Assets:		
Time Certificates of Deposit	500,000.00	500,000.00
Total Assets	1,014,883.76	1,009,655.03
Liabilities and Fund Balance		
Liabilities		
None	0.00	0.00
Fund Balance		
Fund Balance, Restricted	500,000.00	500,000.00
Fund Balance, Committed	514,883.76	509,655.03
Total Fund Balance	1,014,883.76	1,009,655.03
Total Liabilities and Fund Balance	1,014,883.76	1,009,655.03

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Interest Earned	0.00	0.00	5,228.73	5,228.73	6,051.36
Total Revenues	0.00	0.00	5,228.73	5,228.73	6,051.36
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	5,228.73	5,228.73	6,051.36
Fund Balance at Beginning of Year			1,009,655.03		1,003,603.67
Fund Balance at End of Year			1,014,883.76		1,009,655.03

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2015

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash	2,738.56	15,528.03	18,266.59
Taxes Receivable	765.14	0.00	765.14
Total Assets	3,503.70	15,528.03	19,031.73
Liabilities and Fund Balance			
Liabilities:			
None	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
Fund Balance:			
Restricted for Program Purposes	0.00	15,528.03	15,528.03
Assigned	3,503.70	0.00	3,503.70
Total Fund Balances	3,503.70	15,528.03	19,031.73
Total Liabilities and Fund Balance	3,503.70	15,528.03	19,031.73

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2015

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Revenues			
Hotel / Motel Taxes	10,478.38	0.00	10,478.38
Fines and Forfeitures	0.00	1,093.50	1,093.50
Interest Income	0.00	65.24	65.24
	10,478.38	1,158.74	11,637.12
Expenditures			
Housing and Development	11,500.00	0.00	11,500.00
Public Safety	0.00	4,420.55	4,420.55
	11,500.00	4,420.55	15,920.55
Net Change in Fund Balance	(1,021.62)	(3,261.81)	(4,283.43)
Fund Balance at Beginning of Year	4,525.32	18,789.84	23,315.16
Fund Balance at End of Year	3,503.70	15,528.03	19,031.73

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2015 AND 2014

	2015	2014
Assets		
Cash	2,738.56	3,546.09
Taxes Receivable	765.14	979.23
Total Assets	3,503.70	4,525.32
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance Assigned for Development	3,503.70	4,525.32
Total Liabilities and Fund Balance	3,503.70	4,525.32

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Hotel / Motel Taxes	12,000.00	12,000.00	10,478.38	(1,521.62)	10,265.60
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	(1,021.62)	(1,021.62)	(1,234.40)
Fund Balance at Beginning of Year			4,525.32		5,759.72
Fund Balance at End of Year			3,503.70		4,525.32

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2015 AND 2014

	2015	2014
Assets		
Cash	15,528.03	20,289.84
Total Assets	15,528.03	20,289.84
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	0.00	1,500.00
Fund Balance		
Restricted for Program Purposes	15,528.03	18,789.84
Total Liabilities and Fund Balance	15,528.03	20,289.84

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Proceeds from Seizures	20,000.00	20,000.00	1,093.50	(18,906.50)	200.00
Interest Earned	50.00	50.00	65.24	15.24	83.74
Total Revenues	20,050.00	20,050.00	1,158.74	(18,891.26)	283.74
Expenditures					
Technical Services	50.00	50.00	0.00	(50.00)	1,175.00
Supplies, Small Tools and Equipment	0.00	0.00	4,420.55	4,420.55	5,544.06
Capital Outlay	20,000.00	20,000.00	0.00	(20,000.00)	1,500.00
Total Expenditures	20,050.00	20,050.00	4,420.55	(15,629.45)	8,219.06
Net Change in Fund Balance	0.00	0.00	(3,261.81)	(3,261.81)	(7,935.32)
Fund Balance at Beginning of Year			18,789.84		26,725.16
Fund Balance at End of Year			15,528.03		18,789.84

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, 2015 AND 2014

	2015	2014
Assets		
Cash and Cash Equivalents	357,988.70	416,420.37
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	0.00	2,780.00
Fund Balance, Restricted for Capital Outlay	357,988.70	413,640.37
Total Liabilities and Fund Balance	357,988.70	416,420.37

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, 2015 AND 2014

	2015	2014
Revenues		
Intergovernmental: Putnam County SPLOST	658,914.39	647,157.13
Interest Income	1,149.82	1,681.66
	660,064.21	648,838.79
Expenditures		
Capital Outlay for:		
Natural Gas Line Extension	529,069.64	60,442.23
Roads, Bridges, Sidewalks	76,805.21	92,100.79
Downtown Parking	0.00	247,356.10
Public Safety Equipment	0.00	5,491.15
Public Works Equipment	0.00	21,187.50
Waste Water Improvements	109,841.03	281,096.28
	715,715.88	707,674.05
Net Change in Fund Balance	(55,651.67)	(58,835.26)
Fund Balance at Beginning of Year	413,640.37	472,475.63
Fund Balance at End of Year	357,988.70	413,640.37

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, 2015 AND 2014

	2015	2014
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	1,451,550.87	1,260,923.25
Time Certificates of Deposit	392,439.24	391,342.39
Accounts Receivable, Net of Allowance for Doubtful Accounts	32,474.48	36,397.27
Prepaid Sales Tax	2,638.52	0.00
Time Certificates of Deposit, Customer Deposits	382,641.73	380,462.43
Total Current Assets	2,261,744.84	2,069,125.34
Capital Assets		
Natural Gas System	6,841,353.57	6,293,304.94
Machinery and Equipment	378,284.07	358,284.07
	7,219,637.64	6,651,589.01
Less Accumulated Depreciation	2,721,725.61	2,601,455.00
Total Capital Assets	4,497,912.03	4,050,134.01
Total Assets	6,759,656.87	6,119,259.35
Deferred Outflows of Resources	20,337.85	0.00
Total Assets and Deferred Outflows of Resouces	6,779,994.72	6,119,259.35
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts Payable	13,431.22	19,487.77
Customer Deposits	63,404.29	65,008.44
Current Portion of Compensated Absences Payable	3,464.33	4,068.23
Total Current Liabilities	80,299.84	88,564.44
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences Payable	13,857.33	16,272.89
Net Pension Liability	59,168.27	0.00
Total Long-Term Liabilities	73,025.60	16,272.89
Total Liabilities	153,325.44	104,837.33
Deferred Inflows of Resources	31,619.51	0.00
Total Liabilities and Deferred Inflows of Resources	184,944.95	104,837.33
Net Position		
Investment in Capital Assets	4,497,912.03	4,050,134.01
Committed for Stabilization	175,832.00	194,188.00
Unrestricted	1,921,305.74	1,770,100.01
Total Net Position	6,595,049.77	6,014,422.02

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2015 and 2014

	2015	2014
Operating Revenues		
Sale of Natural Gas	1,613,839.95	1,898,254.16
Tap and Re-connection Fees	34,400.00	11,487.25
Penalties	41,663.93	47,708.53
Other	2,275.36	3,449.33
Total Operating Revenues	1,692,179.24	1,960,899.27
Operating Expenses		
Cost of Natural Gas	661,197.75	923,843.87
Personnel Services and Employee Benefits	328,610.40	348,951.79
Professional Services	30,016.50	35,490.58
Maintenance and Repairs	35,976.21	92,804.83
Depreciation Expense	120,270.61	117,590.90
Insurance	9,878.04	9,977.72
Communications	25,507.38	27,704.50
Supplies, Hardware and Small Equipment	85,359.88	55,461.35
Gasoline	18,884.61	21,526.62
Utilities	9,635.23	9,618.46
Taxes	25,104.30	28,218.50
Other	6,989.81	6,227.89
Total Operating Expenses	1,357,430.72	1,677,417.01
Operating Income (Loss)	334,748.52	283,482.26
Non-Operating Revenues		
Interest Income	3,659.34	4,108.87
Net Income Before Transfers	338,407.86	287,591.13
Transfer from the SPLOST Fund	529,069.64	60,442.23
Donation of Property	2.00	8.00
Transfer to the General Fund	(205,000.00)	(305,690.00)
Change in Net Position	662,479.50	42,351.36
Net Position at Beginning of Year	6,014,422.02	5,972,070.66
Prior Period Adjustment	(81,851.75)	0.00
Net Position at End of Year	6,595,049.77	6,014,422.02

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Cash Received from Customers	1,694,497.88	1,916,465.34
Cash Payments for Personnel Services	(343,031.68)	(352,491.02)
Cash Payments for Goods and Services	(917,244.78)	(1,207,507.72)
Net Cash Provided (Used) by Operating Activities	434,221.42	356,466.60
Cash Flows from Noncapital Financing Activities		
Operating Transfer to the General Fund	(205,000.00)	(305,690.00)
Net Cash Provided (Used) by Noncapital Financing Activities	(205,000.00)	(305,690.00)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(38,976.99)	(1,350.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(38,976.99)	(1,350.00)
Cash Flows from Investing Activities		
Earnings On Investments	3,659.34	4,108.87
(Increase) Decrease in Investments	(3,276.15)	(3,695.17)
Net Cash Flows From Investing Activities	383.19	413.70
Net Increase (Decrease) in Cash	190,627.62	49,840.30
Cash at Beginning of Year	1,260,923.25	1,211,082.95
Cash at End of Year	1,451,550.87	1,260,923.25
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	334,748.52	283,482.26
Adjustments:		
Depreciation	120,270.61	117,590.90
(Increase) Decrease in Assets:		
Accounts / Notes Receivable	3,922.79	(9,874.98)
Sales Tax Deposit	(2,638.52)	0.00
Increase (Decrease) in Liabilities:		
Accounts Payable	(6,056.55)	3,366.60
Customer Deposits	(1,604.15)	(34,558.95)
Accrued Liabilities	(3,019.46)	(3,539.23)
Net Change in Pension Liability and Deferrals	(11,401.82)	0.00
Net Cash Provided by (Used in) Operating Activities	434,221.42	356,466.60

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF NONCASH CAPITAL ACTIVITIES

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
Noncash Capital and Related Financing Activities:		
Book Value of Infrastructure Capital Asset Transferred from Governmental Activities	529,069.64	60,442.23
Donations of Rights of Way	2.00	8.00
	529,071.64	60,450.23

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

COMPARATIVE STATEMENT OF NET POSITION

AUGUST 31, 2015 AND 2014

	2015	2014
Assets		
Cash	15,273.69	74,265.57
Notes Receivable	58,588.59	22,431.11
Total Assets	73,862.28	96,696.68
Liabilities		
Accounts Payable	1,250.00	1,250.00
Net Position		
Restricted for Program Purposes	72,612.28	95,446.68

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
Operating Revenues		
Interest and Penalties - Notes Receivable	784.50	1,092.01
Total Operating Revenues	784.50	1,092.01
Operating Expenses		
Bad Debt	22,431.11	0.00
Professional Services	1,250.00	1,250.00
Total Operating Expenses	23,681.11	1,250.00
Operating Income (Loss)	(22,896.61)	(157.99)
Non-Operating Revenues		
Interest - Bank Account	62.21	230.94
Change in Net Position	(22,834.40)	72.95
Net Position at Beginning of Year	95,446.68	95,373.73
Net Position at End of Year	72,612.28	95,446.68

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Cash Received from Customers	2,195.91	150.00
Cash Loan Issued	(60,000.00)	0.00
Cash Payments for Goods and Services	(1,250.00)	(1,250.00)
Net Cash Provided (Used) by Operating Activities	(59,054.09)	(1,100.00)
Cash Flows from Investing Activities		
Earnings On Investments	62.21	230.94
Net Cash Flows From Investing Activities	62.21	230.94
Net Increase (Decrease) in Cash and Cash Equivalents	(58,991.88)	(869.06)
Cash at Beginning of Year	74,265.57	75,134.63
Cash at End of Year	15,273.69	74,265.57
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	(22,896.61)	(157.99)
Adjustments:		
(Increase) Decrease in Assets:		
Notes Receivable	(36,157.48)	(942.01)
Net Cash Provided by (Used in) Operating Activities	(59,054.09)	(1,100.00)

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF NET POSITION AS OF JUNE 30, 2015

Assets	
Cash	14,631.90
Notes Receivable, Net of Allowance for Doubtful Accounts	58,972.42
Total Assets	73,604.32
Liabilities	
None	0.00
Net Position	
Restricted for Program Purposes	73,604.32

SPECIAL REPORTS

DAVID GIDDENS
CERTIFIED PUBLIC ACCOUNTANT
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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, 2015. These collectively comprise the City's basic financial statements. We have issued our report thereon, dated February 25, 2016.

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

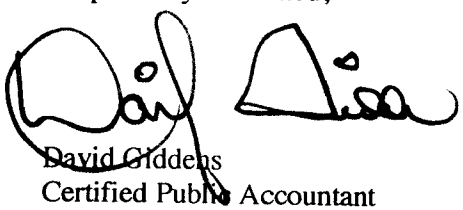
As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 25, 2016.

Purpose of this Report

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

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2016

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

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

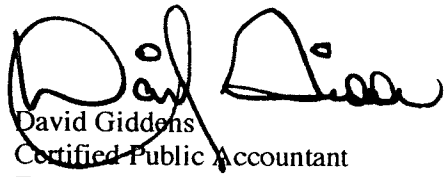
We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Eatonton, Georgia for the year ended August 31, 2015. This schedule is the responsibility of City management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option 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-J 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, 2015, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 25, 2016

CITY OF EATONTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED

WITH SPECIAL SALES TAX PROCEEDS

FOR THE YEAR ENDED AUGUST 31, 2015

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	416,045.12	76,805.21	492,850.33	28%
Public Works Equipment	305,000.00	60,099.50	0.00	60,099.50	20%
Public Safety Equipment	350,000.00	47,316.15	0.00	47,316.15	14%
Building Renovations	195,000.00	0.00	0.00	0.00	0%
Downtown Parking Lot	300,000.00	288,068.30	0.00	288,068.30	96%
City Park	100,000.00	0.00	0.00	0.00	0%
Natural Gas Line Extension	1,975,000.00	535,229.98	529,069.64	1,064,299.62	54%
Waste Water Improvements	1,000,000.00	281,096.28	109,841.03	390,937.31	39%
Totals	6,000,000.00	1,627,855.33	715,715.88	2,343,571.21	