CITY OF EATONTON, GEORGIA

REPORT OF AUDIT

AUGUST 31, 2017

CITY OF EATONTON, GEORGIA
Annual Financial Report
For The Year Ended August 31, 2017

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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, 2017. 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, 2016 financial statements; in our report dated February 24, 2017 and April 20, 2017, 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 judgment. 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, 2017. In addition, the respective changes in financial position and, where applicable, the cash flows thereof, for the year then ended, are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 RSI, 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

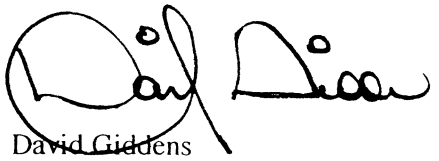
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eatonton's basic financial statements. In addition to the required elements of the basic financial statements, individual and combining, nonmajor fund financial statements are 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 15, 2018, 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 15, 2018

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, 2017. 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 2017 fiscal year are described in this discussion. Overall, the multi-year economic downturn has challenged City legislators and administrators to maintain services despite decreased revenues.

Since 2008, the City's net tax digest has declined by over 25%, and Local Option Sales Tax (LOST) collections have declined by over 50%, exerting sustained pressure on the General Fund. To recapture some of the lost revenue, the ad valorem tax rate was raised to 9.500 mills.

In the coming year, the City will take the necessary actions to increase revenues and decrease expenditures to address the shortfall in the General Fund. Current sources of revenue will be evaluated and the availability of new sources of revenue will be explored. The City will evaluate its current operations, identify core services, and consider meaningful cuts to General Fund expenditures.

Recent developments in the industrial, commercial, and downtown districts offer tremendous potential for an economic boost to the City:

- Tytan Pictures, a Georgia-based film company, is moving forward with setting up a production studio in Eatonton. In October 2016, Tytan won the rights to produce former MLB star Darryl Strawberry's life story, a project currently in development. The company also markets the old Putnam State Prison as a film location, which it leases from the Downtown Development Authority. Several filming opportunities at the prison have been booked.
- Legacy Housing, a Texas-based company that took ownership of the old Horton Homes property, now employs over 200 people and manufactures up to eight mobile homes per day. Legacy has also begun to market some of its other unused industrial property, potentially drawing new industry in the coming years.
- Dollar Tree opened a new location in the Walmart shopping center.
- Universal Forest Products invested $1.1 million in expanding its current operations.
- Agape Hospice, a medical services facility that was under construction for several years, opened and provides 12 beds for hospice care, as well as in-home medical care.
- The Eatonton Cotton Warehouse, a new event facility that opened in downtown, has scheduled a number of concerts, festivals, and community and private events. Each of these events will increase downtown foot traffic.
- Lake Country Physical Therapy has also opened in the downtown district and has seen an increase in their number of patients.

- Vizitech USA, a state of the art 3D technology company that opened in Eatonton in 2014, has added two mobile classrooms that allow it to market its technology to schools across the country. Vizitech currently services over 1,000 school systems and is looking to expand.

Additionally, a private development group completed the construction of a new 62-unit workforce housing complex on Sumter Street. The City of Eatonton provides natural gas to each unit for certain domestic uses.

The City continues its efforts to obtain grant funding to expand the Briarpatch Hike and Bike Trail to provide additional recreational options. The Veterans Wall of Honor Park, a Putnam County project located inside the City limits, was recently expanded and tourism development activities are ongoing by various entities to promote the Georgia Writers Museum, the Uncle Remus Museum, and the Artisans Village project.

Financial Highlights

Despite challenges, the City maintains financial stability.

- The City's assets exceeded its liabilities by $11,799,441 (net position) at fiscal year end. Total net position is composed of $5,344,053 for all governmental activities and $6,455,388 for all business-type activities.

- Over the course of this year, total net position increased by $169,540. This is the result of increases in the net position of governmental activities, $292,412, and offsetting decreases in the net position of business-type activities, $122,872.

- Total net position is comprised of the following:

    1. Capital assets of $8,360,462 are presented net of accumulated depreciation. There is no outstanding debt on these assets. They include property; buildings and improvements; utility systems; furniture, fixtures, machinery and equipment.
    2. Components of net position, totaling $1,595,205 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, $1,843,774 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 40. Budgetary comparison schedules for the General Fund and each, individual special revenue fund are found in this section of the report. In addition to financial position and activity, these schedules depict compliance with the City's budget.

Financial Analysis of the City as a Whole

The table on page MD&A 7, 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 8. 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.

At the bottom line, the total net position increased modestly, 1.5%, during the 2017 fiscal year.

Current assets provide the funds needed to meet current liabilities. Current assets include cash; unrestricted cash and 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. This ratio compares current assets to current liabilities. **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. Any surplus in excess of current liabilities is available to pay for on going operations.

At the end of the 2017 fiscal year, the current ratio of governmental activities was 2.0, improving over 1.5 at the 2016 year end. Business activities have a greater current ratio: a strong 30.8 at the 2017 year end; up over a strong 29.2 at the 2016 year end.

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 property taxes in the amount of $15,677, 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.

Overall, changes in net position are generated by various City activities. Three major funds 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.

Materially, the transactions of the General Fund and, to a lesser degree, the SPLOST Funds are the sources of changes in governmental activities. More information is provided about the activities of these funds in subsequent sections of this analysis.

Overall, the revenues of governmental activities exceeded expenditures by $42,413. With a transfer of cash from the Gas Fund to the General Fund, governmental activities increased net position by $292,413. Meanwhile, business-type activities revenues exceeded expenditures by $127,128. However, the transfer to the General Fund resulted in an overall reduction in net position of $122,872.

Business-type program revenues and expenses largely reflect the activities of the Natural Gas Fund. The activities of this fund are discussed 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.

Summary of Net Position

	August 31, 2017				August 31, 2016			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Assets:								
Current assets	1,952,224.20	2,346,927.95	4,299,152.15	31.3%	1,738,950.98	2,355,709.83	4,094,660.81	29.5%
Restricted assets	851,780.79	0.00	851,780.79	6.2%	1,015,719.94	0.00	1,015,719.94	7.3%
Capital assets net of accumulated depreciation	4,103,986.22	4,256,475.91	8,360,462.13	60.9%	4,084,228.71	4,386,996.47	8,471,225.18	60.9%
Total assets	6,907,991.21	6,603,403.86	13,511,395.07	98.4%	6,838,899.63	6,742,706.30	13,581,605.93	97.7%
Deferred outflows of resources	198,250.00	22,223.75	220,473.75	1.6%	289,290.60	33,218.40	322,509.00	2.3%
Total assets and deferred outflows of resources	7,106,241.21	6,625,627.61	13,731,868.82	100.0%	7,128,190.23	6,775,924.70	13,904,114.93	100.0%
Liabilities:								
Current liablilties	963,604.23	76,095.26	1,039,699.49	53.8%	1,143,654.32	80,713.15	1,224,367.47	53.8%
Long-term liabilities	723,085.32	87,438.06	810,523.38	41.9%	790,651.56	103,450.26	894,101.82	39.4%
Total liabilities	1,686,689.55	163,533.32	1,850,222.87	95.7%	1,934,305.88	184,163.41	2,118,469.29	93.2%
Deferred inflows of resources	75,499.21	6,706.02	82,205.23	4.3%	142,244.57	13,500.83	155,745.40	6.8%
Total liabilities and deferred inflows of resources	1,762,188.76	170,239.34	1,932,428.10	100.0%	2,076,550.45	197,664.24	2,274,214.69	100.0%
Net Position:								
Invested in capital assets	4,103,986.22	4,256,475.91	8,360,462.13	70.9%	4,084,228.71	4,386,996.47	8,471,225.18	72.8%
Restricted	1,521,424.53	73,780.37	1,595,204.90	13.5%	1,355,736.41	72,906.90	1,428,643.31	12.3%
Unassigned	(281,358.30)	2,125,131.99	1,843,773.69	15.6%	(388,325.34)	2,118,357.09	1,730,031.75	14.9%
Total Net Position	5,344,052.45	6,455,388.27	11,799,440.72	100.0%	5,051,639.78	6,578,260.46	11,629,900.24	100.0%

Summary of Revenues, Expenses and Changes in Net Position

	For the Year Ended August 31, 2017				For the Year Ended August 31, 2016			
	Governmental Activities	Business-type Activities	Total	% of Total	Governmental Activities	Business-type Activities	Total	% of Total
Revenues								
Program:								
Charges for Services	494,007.95	1,279,950.27	1,773,958.22	29.38%	535,670.93	1,314,703.62	1,850,374.55	31.13%
Operating Grants	127,675.28	0.00	127,675.28	2.11%	128,312.52	0.00	128,312.52	2.16%
Capital Grants	784,107.60	0.00	784,107.60	12.99%	841,267.87	0.00	841,267.87	14.15%
General:								
Taxes	3,340,070.93	0.00	3,340,070.93	55.32%	3,110,310.34	0.00	3,110,310.34	52.33%
Other	9,390.74	2,840.23	12,230.97	0.20%	10,539.87	3,003.57	13,543.44	0.23%
Total Revenues	4,755,252.50	1,282,790.50	6,038,043.00	100.00%	4,626,101.53	1,317,707.19	5,943,808.72	100.00%
Program Expenses								
General Government	827,133.96	0.00	827,133.96	14.09%	859,808.90	0.00	859,808.90	13.55%
Judicial	21,127.03	0.00	21,127.03	0.36%	22,251.64	0.00	22,251.64	0.35%
Public Safety	1,863,477.95	0.00	1,863,477.95	31.76%	2,053,954.79	0.00	2,053,954.79	32.36%
Public Works	1,459,597.20	0.00	1,459,597.20	24.87%	1,544,286.60	0.00	1,544,286.60	24.33%
Culture and Recreation	177,031.74	0.00	177,031.74	3.02%	218,887.74	0.00	218,887.74	3.45%
Health and Welfare	158,556.53	0.00	158,556.53	2.70%	112,314.59	0.00	112,314.59	1.77%
Housing and Development	203,771.25	0.00	203,771.25	3.47%	400,978.10	0.00	400,978.10	6.32%
Interest	2,144.17	0.00	2,144.17	0.04%	1,778.05	0.00	1,778.05	0.03%
Natural Gas Service	0.00	1,154,356.40	1,154,356.40	19.67%	0.00	1,130,858.78	1,130,858.78	17.82%
Employment Incentive Financing	0.00	1,306.29	1,306.29	0.02%	0.00	1,250.00	1,250.00	0.02%
Total Expenses	4,712,839.83	1,155,662.69	5,868,502.52	100.00%	5,214,260.41	1,132,108.78	6,346,369.19	100.00%
Excess (Deficiency) of Revenues over Expenses	42,412.67	127,127.81	169,540.48		(588,158.88)	185,598.41	(402,560.47)	
Transfer	250,000.00	(250,000.00)	0.00		275,000.00	(275,000.00)	0.00	
Change in Net Position	292,412.67	(122,872.19)	169,540.48		(313,158.88)	(89,401.59)	(402,560.47)	
Beginning Net Position	5,051,639.78	6,578,260.46	11,629,900.24		5,364,798.66	6,667,662.05	12,032,460.71	
Ending Net Position	5,344,052.45	6,455,388.27	11,799,440.72		5,051,639.78	6,578,260.46	11,629,900.24	

Financial Analysis of Individual City Funds

The greatest influence which can be exercised by elected officials and administrators 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 and the Natural Gas Fund on the following pages.

Governmental Funds

During fiscal year 2017, the City's governmental funds included the General Fund, three special revenue funds and three capital projects funds. As previously noted, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

The General Fund

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. Financial statements of the General Fund may be found beginning on page 43.

Over a number of years, steadily declining revenues have eroded the General Fund, fund balance. This trend reversed to a small degree, with 2017 bringing an increase in revenues of 2.4%. For the most part, this increase can be attributed to an increased millage rate. This generated increased property tax revenues, (up 1.7%). None-the-less, the increased millage rate had to overcome an offsetting decrease in the digest.

Property taxes are the greatest single source of City revenues. Following property taxes, special local option sales tax collections provide the second greatest source of City revenues. In coming years declines in L.O.S.T. are anticipated, because the City's allocated portion (shared with Putnam County) will continue to decline.

Despite increased revenues, expenditures, with a slight increase of 0.4%, exceeded revenues by $296,943. Annually the Gas Fund makes a transfer to the General Fund for the administrative services provided by the General Fund. The 2017 transfer of $250,000 was not enough to fully offset the operating shortfall.

As in years past, the greatest General Fund expenditures support Public Safety and Public Works. Together they consume 72% of total General Fund expenditures. These are followed by (in order) expenditures for the General Government, and services for Health and Welfare, Housing and Development, Culture and Recreation, and the Judicial System.

Overall, the General Fund fund balance decreased by $50,865 in 2017. This increased the existing deficit fund balance to $127,750. A summary of 2017 activity with comparison to 2016 is presented on the following page.

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

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total Revenues	4,101,857.00	4,258,857.00	4,071,083.66	(187,773.34)	3,976,453.21
Total Expenditures	4,351,857.00	4,508,857.00	4,371,948.19	(136,908.81)	4,351,141.68
Revenues Excess (Deficiency)	(250,000.00)	(250,000.00)	(300,864.53)	(50,864.53)	(374,688.47)
Operating Transfers In (Out)	250,000.00	250,000.00	250,000.00	0.00	275,000.00
Net Change in Fund Balance	0.00	0.00	(50,864.53)	(50,864.53)	(99,688.47)
Beginning Fund Balance			(76,885.39)		22,803.08
Ending Fund Balance			(127,749.92)		(76,885.39)

During the year, the budget was adjusted to reflect changing circumstances. 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. During fiscal year 2017, total revenues were $3,988, down from $4,475 in fiscal year 2016, and down from $5,229 in fiscal year 2015. Because no expenditures were planned, zero revenues and expenditures were budgeted. Consistent with that plan, no expenditures were made through this fund. The Capital Reserve Fund Financial Statements may be found beginning on page 52.

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, $19,184, comprise just 1% of total governmental fund balances. Combining and individual fund financial statements begin on page 54.

- 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 2017. The current tax rate is 8%. Financial statements of the Hotel / Motel Tax Fund begin on page 56.

- The **Police Condemnation Fund** serves to account for net proceeds derived from confiscated items which were seized in drug related crimes. Expenditures are legally restricted to purchases of law enforcement materials and equipment. There were no seizures in 2017. Thus, there was little activity in this fund. The Police Condemnation Fund financial statements begin on page 58.

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 had three capital projects funds to account for the intergovernmental revenues generated by sales tax proceeds and capital grant proceeds. Of these only the **Special Purpose Local Option Sales Tax (SPLOST) Fund No. 7** is a major fund. Two new funds, the **Special Purpose Local Option Sales Tax (SPLOST) Fund No. 8** and the **Community Development Block Grant (CDBG) Fund**, are nonmajor funds.

The **SPLOST Fund No. 7** is used to account for special purpose local option sales taxes which were collected subsequent to a voter approved, county resolution. This is a major fund. Proceeds of sales tax collections 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 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

The City first received proceeds of this tax in January 2012. Authorized for five years, collections concluded in fiscal year 2017. Financial reporting will continue until all funds are expended. The resolution provided that the City may receive up to $6,000,000. However collections fell short of original hopes by approximately 40%.

Never-the-less, SPLOST proceeds are the predominate source of funding for City capital expenditures. 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. In addition, during fiscal year 2017, SPLOST Fund No. 7 proceeds supported the City with the renewal of roads, buildings and a park as well as with the purchase of public works equipment.

The SPLOST Fund No. 7 financial statements may be found beginning on page 61. Further, a comprehensive schedule of projects constructed with special sales tax proceeds may be found on page 83, and summary information may be found in the notes to the financial statements, note 3-J.

The **SPLOST Fund No. 8**, a new, nonmajor fund, is used to account for the proceeds of sales tax collections approved by county voters in November 2015. Collections began in fiscal year 2017; they will continue for three

years. As agreed by City and County leaders, these proceeds are shared with the City for specified municipal projects. Consequently, expenditures are made in accordance with this agreement, and the fund balance is reserved for these projects. The City may receive up to $1,860,000. Capital expenditures are authorized for:

- roads, bridges, sidewalks and culverts
- public works equipment
- public safety equipment
- building renovations
- natural gas infrastructure

During 2017 expenditures were made for public safety equipment and building renovations.

In addition to SPLOST Fund No. 8 financial statements, which may be found beginning on page 65, a comprehensive schedule of projects constructed with special sales tax proceeds may be found on page 83, and summary information may be found in the notes to the financial statements, note 3-J.

The **CDBG Fund**, a new, nonmajor fund, is used to account for funding awarded by the Georgia Department of Community Affairs (DCA) for street improvements and flood and drainage facilities. The DCA will provide up to $500,000 for this project. Grant proceeds are drawn down to pay for work as the project progresses; they are paid out almost immediately. Thus, revenues and expenditures are roughly equal, and fund balance is minimal.

The overall project budget includes City participation of $193,405 in funding and in-kind services. The City's participation will be accounted for in the SPLOST Fund No. 8 and the General Fund.

Financial statements for the CDBG Fund may be found beginning on page 67.

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. They are the Natural Gas Fund, a major fund, and the Revolving Loan Fund, a nonmajor 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 72. The following table summarizes Natural Gas Fund activity and changes in net position.

Summary of Natural Gas Fund Activity and Changes in Net Position

	2017	2016
Operating Revenues	1,277,801.88	1,313,184.44
Operating Expenses	1,154,356.40	1,130,858.78
Operating Income (Loss)	123,445.48	182,325.66
Non-operating Revenues (Expenses)	2,808.86	2,978.13
Transfer to the General Fund	(250,000.00)	(275,000.00)
Change in Net Position	(123,745.66)	(89,696.21)
Net Position at Beginning of Year	6,505,353.56	6,595,049.77
Net Position at End of Year	6,381,607.90	6,505,353.56

As is typical, natural gas sales generated over 95% of Gas Fund operating revenues. Because gas usage is largely determined by residential and commercial heating needs, sales fluctuate with the weather. Milder winter weather and lower wholesale fuel costs have resulted in lower sales for the last three years. Although beneficial to consumers, the decreased sales volume decreases operating income in the Gas Fund. Fiscal year 2017 sales declined by 3%. This follows declines of 21% in 2016, and 15% in 2015. Concurrently, operating expenses increased by 2% in 2017, following declines in the two prior years. Despite this, operating income remains in positive territory.

Each year, for administrative services provided by the general government, the Gas Fund makes a cash transfer to the General Fund. The amount of the fiscal year 2017 transfer was $250,000.

The end result of 2017 activity was a decrease in net position of $123,746.

A stabilization funds policy designates 10% of total budgeted operating expenses for stabilization. Thus, $157,952 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. Presently the fund has one outstanding loan. There was very little activity in this fund during fiscal year 2017. As of the date of this report, the business, which was capitalized by this loan, has closed. Because the amounts of eventual collections or possible losses could not be reasonably estimated, no provision for such has been recorded in the financial statements. Ultimately, an estimated write off of $30,000 is anticipated.

Revolving Loan Fund financial statements may be found beginning on page 75. In addition, details on loan activity may be found in the notes to the financial statements, note 4-I.

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	
	8/31/2017	8/31/2016	8/31/2017	8/31/2016	8/31/2017	8/31/2016
Non-depreciable Assets	381,940.89	315,326.89	75,439.00	75,439.00	457,379.89	390,765.89
Depreciable Assets	8,268,217.68	7,877,449.59	7,161,098.64	7,160,498.64	15,429,316.32	15,037,948.23
Less Accumulated Depreciation	4,546,172.35	4,108,547.77	2,980,061.73	2,848,941.17	7,526,234.08	6,957,488.94
Book Value - Depreciable Assets	3,722,045.33	3,768,901.82	4,181,036.91	4,311,557.47	7,903,082.24	8,080,459.29
Percentage Depreciated	55.0%	52.2%	41.6%	39.8%	48.8%	46.3%
Total Book Value	4,103,986.22	4,084,228.71	4,256,475.91	4,386,996.47	8,360,462.13	8,471,225.18

Over 70% of the City's total net position is composed of investments in 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.

The method of straight line depreciation is applied to all depreciable assets over their estimated useful lives. The book value of capital assets declined during fiscal year 2017, because disposals and depreciation exceeded acquisitions.

In governmental activities, SPLOST proceeds, CDBG funding and a transportation grant made improvements to roads and buildings possible. In addition, a street roller and a used truck were purchased.

Business capital assets are entirely the assets of the Natural Gas Fund. The purchase of a used truck was the only acquisition made during this year.

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 liabilities consisted entirely of estimates of future benefits to employees in the form of compensated absences payable and net pension liability. Compensated absences payable is the cumulative amount of employees' earned and unused leave (vacation) time. Because there is low employee turnover, this amount tends to rise with passing years. The net pension liability is the actuarially calculated amount that is required to fully fund employee retirement benefits. The amount of this obligation varies from year to year as a result of economic and investment market conditions.

Long-term Debt

	8/31/2017	8/31/2016
Compensated Absences Payable	120,050.47	110,564.56
Net Pension Liability	714,483.00	775,169.00
Lease Payable	0.00	59,800.00
	834,533.47	945,533.56

A lease obligation, borrowed to purchase turn out gear for fire fighters, was paid in full during fiscal year 2017.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash	983,711.54	1,470,746.32	2,454,457.86	46,815.99
Receivables:				
Accounts, Net of Allowance for Doubtful Accounts	18,881.50	43,593.51	62,475.01	475.15
Taxes	76,918.63	0.00	76,918.63	0.00
Note	0.00	52,225.16	52,225.16	0.00
Intergovernmental	170,212.53	0.00	170,212.53	0.00
Time Certificates of Deposit	702,500.00	780,362.96	1,482,862.96	0.00
Restricted Assets	851,780.79	0.00	851,780.79	0.00
Capital Assets:				
Nondepreciable Capital Assets	381,940.89	75,439.00	457,379.89	331,075.64
Depreciable Capital Assets, Net Accumulated Depreciation	3,722,045.33	4,181,036.91	7,903,082.24	558,765.18
Total Assets	6,907,991.21	6,603,403.86	13,511,395.07	937,131.96
Deferred Outflows of Resources	198,250.00	22,223.75	220,473.75	0.00
Total Assets and Deferred Outflows of Resources	7,106,241.21	6,625,627.61	13,731,868.82	937,131.96
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Cash Overdraft	607,605.72	0.00	607,605.72	0.00
Accounts Payable	270,001.19	14,685.06	284,686.25	1,575.00
Accrued Wages	16,719.72	0.00	16,719.72	0.00
Deposits	49,122.05	57,555.66	106,677.71	0.00
Compensated Absences Payable	20,155.55	3,854.54	24,010.09	0.00
Non-current Liabilities				
Compensated Absences Payable	80,622.21	15,418.17	96,040.38	0.00
Net Pension Liability	642,463.11	72,019.89	714,483.00	0.00
Total Liabilities	1,686,689.55	163,533.32	1,850,222.87	1,575.00
Deferred Inflows of Resources	75,499.21	6,706.02	82,205.23	0.00
Total Liabilities and Deferred Inflows of Resources	1,762,188.76	170,239.34	1,932,428.10	1,575.00
Net Position				
Invested in Capital Assets	4,103,986.22	4,256,475.91	8,360,462.13	889,840.82
Restricted for Capital Outlay	930,097.95	0.00	930,097.95	0.00
Restricted for Emergencies	500,000.00	0.00	500,000.00	0.00
Restricted for Program Purposes	91,326.58	73,780.37	165,106.95	0.00
Unrestricted	(281,358.30)	2,125,131.99	1,843,773.69	45,716.14
Total Net Position	5,344,052.45	6,455,388.27	11,799,440.72	935,556.96

The accompanying Notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

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	827,133.96	3,537.17	0.00	63,926.10	(759,670.69)	0.00	(759,670.69)	0.00
Judicial	21,127.03	0.00	0.00	0.00	(21,127.03)	0.00	(21,127.03)	0.00
Public Safety	1,863,477.95	167,385.31	1,420.00	25,874.56	(1,668,798.08)	0.00	(1,668,798.08)	0.00
Public Works	1,459,597.20	227,058.69	0.00	679,455.73	(553,082.78)	0.00	(553,082.78)	0.00
Health and Welfare	158,556.53	1,992.60	126,255.28	0.00	(30,308.65)	0.00	(30,308.65)	0.00
Culture and Recreation	177,031.74	14,750.00	0.00	14,851.21	(147,430.53)	0.00	(147,430.53)	0.00
Housing and Development	203,771.25	79,284.18	0.00	0.00	(124,487.07)	0.00	(124,487.07)	0.00
Interest on Capital Lease	2,144.17	0.00	0.00	0.00	(2,144.17)	0.00	(2,144.17)	0.00
Total Governmental Activities	4,712,839.83	494,007.95	127,675.28	784,107.60	(3,307,049.00)	0.00	(3,307,049.00)	0.00
Business-Type Activities:								
Natural Gas Service	1,154,356.40	1,277,801.88	0.00	0.00	0.00	123,445.48	123,445.48	0.00
Employment Incentive Financing	1,306.29	2,148.39	0.00	0.00	0.00	842.10	842.10	0.00
Total Business-Type Activities	1,155,662.69	1,279,950.27	0.00	0.00	0.00	124,287.58	124,287.58	0.00
Total Activities	5,868,502.52	1,773,958.22	127,675.28	784,107.60	(3,307,049.00)	124,287.58	(3,182,761.42)	0.00
Component Unit	98,692.85	1,298.90	41,380.00	0.00	0.00	0.00	0.00	(56,013.95)
General Revenues								
Sales Taxes					972,497.21	0.00	972,497.21	0.00
Property Taxes					1,349,322.07	0.00	1,349,322.07	0.00
Other Taxes					1,018,251.65	0.00	1,018,251.65	0.00
Interest Earnings					9,390.74	2,840.23	12,230.97	0.00
Total General Revenues					3,349,461.67	2,840.23	3,352,301.90	0.00
Transfers					250,000.00	(250,000.00)	0.00	0.00
Total General Revenues and Transfer					3,599,461.67	(247,159.77)	3,352,301.90	0.00
Change in Net Position					292,412.67	(122,872.19)	169,540.48	(56,013.95)
Net Position at Beginning of Year					5,051,639.78	6,578,260.46	11,629,900.24	991,570.91
Net Position at End of Year					5,344,052.45	6,455,388.27	11,799,440.72	935,556.96

The accompanying Notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF EATONTON, GEORGIA

GOVERNMENTAL FUNDS

BALANCE SHEET

AUGUST 31, 2017

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund No. 7	Other Governmental Funds	Total Governmental Funds
Assets					
Current Assets:					
Cash	0.00	35,847.55	574,039.41	373,824.58	983,711.54
Receivables:					
Interfund	1.00	0.00	0.00	0.00	1.00
Accounts, Net of Allowance for Doubtful Accounts	18,881.50	0.00	0.00	0.00	18,881.50
Taxes, Net of Allowance for Doubtful Accounts	75,500.17	0.00	0.00	1,418.46	76,918.63
Intergovernmental	170,212.53	0.00	0.00	0.00	170,212.53
Time Certificates of Deposit	215,000.00	487,500.00	0.00	0.00	702,500.00
Restricted Assets:					
Time Certificates of Deposit	351,780.79	500,000.00	0.00	0.00	851,780.79
Total Assets	831,375.99	1,023,347.55	574,039.41	375,243.04	2,804,005.99
Liabilities and Fund Balances					
Liabilities:					
Cash Overdraft	607,605.72	0.00	0.00	0.00	607,605.72
Interfund	0.00	0.00	0.00	1.00	1.00
Accounts Payable	270,001.19	0.00	0.00	0.00	270,001.19
Accrued Wages	16,719.72	0.00	0.00	0.00	16,719.72
Deposit	49,122.05	0.00	0.00	0.00	49,122.05
Total Liabilities	943,448.68	0.00	0.00	1.00	943,449.68
Deferred Inflow of Property Taxes	15,677.23	0.00	0.00	0.00	15,677.23
Total Liabilities and Deferred Inflows of Resources	959,125.91	0.00	0.00	1.00	959,126.91
Fund Balance:					
Restricted	0.00	500,000.00	574,039.41	373,604.75	1,447,644.16
Committed	351,780.79	523,347.55	0.00	0.00	875,128.34
Assigned	0.00	0.00	0.00	1,637.29	1,637.29
Unassigned	(479,530.71)	0.00	0.00	0.00	(479,530.71)
Total Fund Balance	(127,749.92)	1,023,347.55	574,039.41	375,242.04	1,844,879.08
Total Liabilities and Fund Balance	831,375.99	1,023,347.55	574,039.41	375,243.04	2,804,005.99

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, 2017

Total Governmental Fund Balances			1,844,879.08
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	8,650,158.57	
	Less accumulated depreciation	(4,546,172.35)	4,103,986.22
Compensated absences are not due and payable in the current period and therefore are not reported in the funds:			(100,777.76)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
The following are related to the measurement of net pension liability:			
	Net pension liability	(642,463.11)	
	Deferred outflows of resources	198,250.00	
	Deferred inflows of resources	(59,821.98)	(504,035.09)
Net Position of Governmental Activities			5,344,052.45

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, 2017

	General Fund	Capital Reserve Fund	Special Local Option Sales Tax Fund No. 7	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	3,323,949.19	0.00	0.00	16,121.74	3,340,070.93
Licenses and Permits	79,284.18	0.00	0.00	0.00	79,284.18
Intergovernmental	247,787.68	0.00	209,762.87	451,259.14	908,809.69
Charges for Services	250,308.54	0.00	0.00	0.00	250,308.54
Fines and Forfeitures	160,692.28	0.00	0.00	0.00	160,692.28
Other	9,061.79	3,988.38	2,540.37	496.34	16,086.88
Total Revenues	4,071,083.66	3,988.38	212,303.24	467,877.22	4,755,252.50
Expenditures					
Current:					
General Government	802,363.84	0.00	0.00	0.00	802,363.84
Judicial	21,127.03	0.00	0.00	0.00	21,127.03
Public Safety	1,837,069.42	0.00	0.00	1,449.98	1,838,519.40
Public Works	1,138,187.76	0.00	0.00	0.00	1,138,187.76
Health and Welfare	158,008.93	0.00	0.00	0.00	158,008.93
Culture and Recreation	97,108.21	0.00	0.00	0.00	97,108.21
Housing and Development	149,632.32	0.00	0.00	16,121.74	165,754.06
Capital Outlay	164,528.46	0.00	311,039.11	95,633.42	571,200.99
Total Expenditures	4,368,025.97	0.00	311,039.11	113,205.14	4,792,270.22
Excess (Deficiency) of Revenues	(296,942.31)	3,988.38	(98,735.87)	354,672.08	(37,017.72)
Other Financing Sources (Uses)					
Interest Expenditure	(3,922.22)	0.00	0.00	0.00	(3,922.22)
Transfer In	250,000.00	0.00	0.00	0.00	250,000.00
Net Change in Fund Balance	(50,864.53)	3,988.38	(98,735.87)	354,672.08	209,060.06
Fund Balance at Beginning of Year	(76,885.39)	1,019,359.17	672,775.28	20,569.96	1,635,819.02
Fund Balance at End of Year	(127,749.92)	1,023,347.55	574,039.41	375,242.04	1,844,879.08

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, 2017

Net Changes In Fund Balances - Total Governmental Funds		209,060.06
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.		
Capital Asset Acquisitions	473,177.09	
Depreciation expense	(443,419.58)	
Loss on disposal of capital asset	(10,000.00)	19,757.51
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 8/31/16	91,874.67	
Liability at 8/31/17	(100,777.76)	(8,903.09)
Long term liabilities are not recognized in governmental funds. Consequently, associated increases and decreases in expenditures are not recognized either.		
Reduction of capital debt and interest	61,578.05	
Reductions to pension expense	10,920.14	72,498.19
Change In Net Position of Governmental Activities		292,412.67

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, 2017

	General Fund				Capital Reserve Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues								
Taxes	3,379,745.00	3,379,745.00	3,323,949.19	(55,795.81)	0.00	0.00	0.00	0.00
Licenses and Permits	80,000.00	80,000.00	79,284.18	(715.82)	0.00	0.00	0.00	0.00
Intergovernmental Revenues	157,000.00	257,000.00	247,787.68	(9,212.32)	0.00	0.00	0.00	0.00
Charges for Services	221,112.00	263,112.00	250,308.54	(12,803.46)	0.00	0.00	0.00	0.00
Fines and Forfeitures	250,000.00	250,000.00	160,692.28	(89,307.72)	0.00	0.00	0.00	0.00
Other	14,000.00	29,000.00	9,061.79	(19,938.21)	0.00	0.00	3,988.38	3,988.38
Total Revenues	4,101,857.00	4,258,857.00	4,071,083.66	(187,773.34)	0.00	0.00	3,988.38	3,988.38
Expenditures								
General Government	863,597.00	828,215.00	802,363.84	(25,851.16)	0.00	0.00	0.00	0.00
Judicial	18,800.00	21,800.00	21,127.03	(672.97)	0.00	0.00	0.00	0.00
Public Safety	1,927,848.00	1,927,848.00	1,837,069.42	(90,778.58)	0.00	0.00	0.00	0.00
Public Works	1,171,630.00	1,304,630.00	1,302,716.22	(1,913.78)	0.00	0.00	0.00	0.00
Health and Welfare	159,235.00	165,235.00	158,008.93	(7,226.07)	0.00	0.00	0.00	0.00
Culture and Recreation	107,200.00	107,200.00	97,108.21	(10,091.79)	0.00	0.00	0.00	0.00
Housing and Development	103,547.00	153,929.00	149,632.32	(4,296.68)	0.00	0.00	0.00	0.00
Total Expenditures	4,351,857.00	4,508,857.00	4,368,025.97	(140,831.03)	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures	(250,000.00)	(250,000.00)	(296,942.31)	(46,942.31)	0.00	0.00	3,988.38	3,988.38
Other Financing Sources (Uses)								
Interest Expenditure	0.00	0.00	(3,922.22)	(3,922.22)	0.00	0.00	0.00	0.00
Transfers In	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	0.00	0.00
Net Other Financing Sources	250,000.00	250,000.00	246,077.78	(3,922.22)	0.00	0.00	0.00	0.00
Net Change in Fund Balance	0.00	0.00	(50,864.53)	(50,864.53)	0.00	0.00	3,988.38	3,988.38
Fund Balance at Beginning of Year			(76,885.39)				1,019,359.17	
Fund Balance at End of Year			(127,749.92)				1,023,347.55	

The accompanying notes are an integral part of this statement.

CITY OF EATONTON, GEORGIA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

AUGUST 31, 2017

	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	1,447,941.11	22,805.21	1,470,746.32
Time Certificates of Deposit	393,723.12	0.00	393,723.12
Accounts Receivable, Net of Allowance for Doubtful Accounts	43,593.51	0.00	43,593.51
Note Receivable	0.00	52,225.16	52,225.16
Time Certificates of Deposit, Customer Deposits	386,639.84	0.00	386,639.84
Total Current Assets	2,271,897.58	75,030.37	2,346,927.95
Noncurrent Assets			
Capital Assets:			
Nondepreciable	75,439.00	0.00	75,439.00
Depreciable, Net Accumulated Depreciation	4,181,036.91	0.00	4,181,036.91
Total Noncurrent Assets	4,256,475.91	0.00	4,256,475.91
Total Assets	6,528,373.49	75,030.37	6,603,403.86
Deferred Outflows of Resources	22,223.75	0.00	22,223.75
Total Assets and Deferred Outflows of Resources	6,550,597.24	75,030.37	6,625,627.61
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable	13,435.06	1,250.00	14,685.06
Customer Deposits	57,555.66	0.00	57,555.66
Current Portion of Compensated Absences Payable	3,854.54	0.00	3,854.54
Total Current Liabilities	74,845.26	1,250.00	76,095.26
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	15,418.17	0.00	15,418.17
Net Pension Liability	72,019.89	0.00	72,019.89
Total Long-Term Liabilities	87,438.06	0.00	87,438.06
Total Liabilities	162,283.32	1,250.00	163,533.32
Deferred Inflows of Resources	6,706.02	0.00	6,706.02
Total Liabilities and Deferred Inflows of Resources	168,989.34	1,250.00	170,239.34
Net Position			
Investment in Capital Assets	4,256,475.91	0.00	4,256,475.91
Restricted for Program Purposes	0.00	73,780.37	73,780.37
Unrestricted	2,125,131.99	0.00	2,125,131.99
Total Net Position	6,381,607.90	73,780.37	6,455,388.27

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, 2017

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Operating Revenues			
Charges for Sales and Services	1,274,431.91	2,148.39	1,276,580.30
Miscellaneous	3,369.97	0.00	3,369.97
Total Operating Revenues	1,277,801.88	2,148.39	1,279,950.27
Operating Expenses			
Cost of Natural Gas	480,674.58	0.00	480,674.58
Personnel Services and Employee Benefits	316,346.53	0.00	316,346.53
Professional Services	48,239.37	1,306.29	49,545.66
Maintenance and Repairs	58,271.30	0.00	58,271.30
Depreciation Expense	131,120.56	0.00	131,120.56
Insurance	7,138.32	0.00	7,138.32
Communications	22,057.48	0.00	22,057.48
Supplies, Hardware and Small Equipment	42,443.31	0.00	42,443.31
Gasoline	12,663.21	0.00	12,663.21
Utilities	7,740.67	0.00	7,740.67
Taxes	22,998.07	0.00	22,998.07
Other	4,663.00	0.00	4,663.00
Total Operating Expenses	1,154,356.40	1,306.29	1,155,662.69
Operating Income (Loss)	123,445.48	842.10	124,287.58
Non-Operating Revenues (Expenses)			
Interest Income	2,808.86	31.37	2,840.23
Net Income Before Transfers	126,254.34	873.47	127,127.81
Transfer to the General Fund	(250,000.00)	0.00	(250,000.00)
Change in Net Position	(123,745.66)	873.47	(122,872.19)
Net Position at Beginning of Year	6,505,353.56	72,906.90	6,578,260.46
Net Position at End of Year	6,381,607.90	73,780.37	6,455,388.27

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, 2017

	Business-type Activities: Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Natural Gas Fund	Revolving Loan Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	1,265,004.91	6,175.00	1,271,179.91
Cash Payments for Personnel Services	(328,042.32)	0.00	(328,042.32)
Cash Payments for Goods and Services	(706,629.89)	(1,306.29)	(707,936.18)
Net Cash Provided (Used) by Operating Activities	230,332.70	4,868.71	235,201.41
Cash Flows from Noncapital Financing Activities			
Transfer to the General Fund	(250,000.00)	0.00	(250,000.00)
Net Cash Provided (Used) by Noncapital Financing Activities	(250,000.00)	0.00	(250,000.00)
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(600.00)	0.00	(600.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(600.00)	0.00	(600.00)
Cash Flows from Investing Activities			
Earnings On Investments	2,808.86	31.37	2,840.23
(Increase) Decrease in Investments	(2,590.44)	0.00	(2,590.44)
Net Cash Flows From Investing Activities	218.42	31.37	249.79
Net Increase (Decrease) in Cash	(20,048.88)	4,900.08	(15,148.80)
Cash at Beginning of Year	1,467,989.99	17,905.13	1,485,895.12
Cash at End of Year	1,447,941.11	22,805.21	1,470,746.32
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	123,445.48	842.10	124,287.58
Adjustments:			
Depreciation	131,120.56	0.00	131,120.56
(Increase) Decrease in Assets:			
Accounts / Notes Receivable	(7,803.09)	4,026.61	(3,776.48)
Increase (Decrease) in Liabilities:			
Accounts Payable	259.42	0.00	259.42
Customer Deposits	(4,993.88)	0.00	(4,993.88)
Accrued Liabilities	582.82	0.00	582.82
Net Change in Pension Liability and Deferrals	(12,278.61)	0.00	(12,278.61)
Net Cash Provided by (Used in) Operating Activities	230,332.70	4,868.71	235,201.41

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. The Authority may be contacted via 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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:

Note 1 – Summary of Significant Accounting Policies (continued)

- ***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.
- ***The Special Purpose Local Option Sales Tax Fund No. 7,*** 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

Note 1 - Summary of Significant Accounting Policies (continued)

accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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-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

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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

Note 1 – Summary of Significant Accounting Policies (continued)

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.
- *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 the City's governmental funds, a positive, unassigned fund balance would be presented 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 $157,952 at August 31, 2017. 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

Note 1 – Summary of Significant Accounting Policies (continued)

incurred to provide the good or service that is the primary activity of each fund. In contrast, all other revenues and expenditures, which are unrelated to the primary activity, are classified as non-operating.

1-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. Budgetary Information

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

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

2-B. Excess of Expenditures over Appropriations

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

2-C. 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 2 – Stewardship, Compliance and Accountability (continued)

2-D. Negative Fund Balance

The City's General Fund presents a negative fund balance at August 31, 2017. Declining revenues have eroded the fund balance over a number of years.

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, 2017, 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, 2017 are in the form of bank certificates of deposit. Certificates with maturity periods greater than 90 days are classified as investments.

At August 31, 2017, 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, 2017, consisted of taxes, accounts, notes and intergovernmental receivables arising from hotel/motel tax collections, property tax collections, sales tax collections, utility service accounts and notes receivable. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and are substantiated. These are substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Capital Assets

Capital asset activity for the year ended August 31, 2017 for governmental activities, business-type activities and the component unit is presented in the following tables.

Note 3 – Detailed Notes on All Funds (continued)

City of Eatonton
Changes in Governmental Capital Assets

Governmental activities:	8/31/2016	Additions	Deductions	8/31/2017
Capital assets not being depreciated:				
Land	285,047.90	0.00	0.00	285,047.90
Construction in progress	30,278.99	66,614.00	0.00	96,892.99
Total non-depreciable capital assets	315,326.89	66,614.00	0.00	381,940.89
Depreciable capital assets:				
Buildings and improvements	2,721,259.76	63,408.08	10,000.00	2,774,667.84
Furniture, fixtures, machinery and equipment	1,363,908.75	10,100.00	5,795.00	1,368,213.75
Infrastructure	3,792,281.08	333,055.01	0.00	4,125,336.09
Total depreciable capital assets	7,877,449.59	406,563.09	15,795.00	8,268,217.68
Total capital assets	8,192,776.48	473,177.09	15,795.00	8,650,158.57
Accumulated depreciation:				
Buildings and improvements	1,101,212.35	95,402.05	0.00	1,196,614.40
Furniture, fixtures, machinery and equipment	1,061,443.04	62,254.96	5,795.00	1,117,903.00
Infrastructure	1,945,892.38	285,762.57	0.00	2,231,654.95
Total accumulated depreciation	4,108,547.77	443,419.58	5,795.00	4,546,172.35
Governmental activities capital assets, net	4,084,228.71	29,757.51	10,000.00	4,103,986.22

Governmental Activities Depreciation Expense

General Government	25,895.86
Public Safety	28,974.18
Public Works	283,866.97
Culture and Recreation	69,923.53
Housing and Development	34,759.04
Total Governmental Activities Depreciation Expense	443,419.58

Note 3 - Detailed Notes on All Funds (continued)

City of Eatonton
Changes in Proprietary Funds Capital Assets

Business-type activities:	8/31/2016	Additions	Deductions	8/31/2017
Capital assets not being depreciated:				
Land	57,015.00	0.00	0.00	57,015.00
Intangible Assets	18,424.00	0.00	0.00	18,424.00
Total non-depreciable capital assets	75,439.00	0.00	0.00	75,439.00
Depreciable capital assets:				
Furniture, fixtures, machinery and equipment	394,584.07	600.00	0.00	395,184.07
Infrastructure	6,765,914.57	0.00	0.00	6,765,914.57
Total depreciable capital assets	7,160,498.64	600.00	0.00	7,161,098.64
Total capital assets	7,235,937.64	600.00	0.00	7,236,537.64
Accumulated depreciation:				
Furniture, fixtures, machinery and equipment	358,864.49	18,010.93	0.00	376,875.42
Infrastructure	2,490,076.68	113,109.63	0.00	2,603,186.31
Total accumulated depreciation	2,848,941.17	131,120.56	0.00	2,980,061.73
Business-type activities capital assets, net	4,386,996.47	(130,520.56)	0.00	4,256,475.91

Component Unit: Eatonton Downtown Development Authority
Changes in Capital Assets

	8/31/2016	Additions	Deductions	8/31/2017
Capital assets not being depreciated:				
Land	331,075.64	0.00	0.00	331,075.64
Total non-depreciable capital assets	331,075.64	0.00	0.00	331,075.64
Depreciable capital assets:				
Buildings and Improvements	250,726.50	0.00	0.00	250,726.50
Infrastructure	485,577.19	0.00	0.00	485,577.19
Total depreciable capital assets	736,303.69	0.00	0.00	736,303.69
Total capital assets	1,067,379.33	0.00	0.00	1,067,379.33
Accumulated depreciation:				
Buildings and Improvements	18,424.66	13,439.85	0.00	31,864.51
Infrastructure	97,116.00	48,558.00	0.00	145,674.00
Total accumulated depreciation	115,540.66	61,997.85	0.00	177,538.51
Component unit capital assets, net	951,838.67	(61,997.85)	0.00	889,840.82

Subsequent to the close of this fiscal year, in September 2017, the Downtown Development Authority sold a tract of land for less than the value recorded in their financial statements. Consequently, their fiscal year 2018 activity will reflect a loss of approximately $122,000 on this sale.

Note 3 – Detailed Notes on All Funds (continued)

3-D. – Deferred Outflows / Inflows of Resources

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. These changes are accounted for as deferred outflows of resources and deferred inflows of resources.

The statement of net position reports a separate section for *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period(s). Until the appropriate period, it will not be recognized as an outflow of resources (expense/expenditure). At August 31, 2017, all deferred outflows of resources are related to the changes in the net pension liability as discussed below. These are reported in governmental activities and in business-type activities.

Conversely, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s). In future periods, this amount will be recognized as an inflow of resources (revenue). The City reports these items in both governmental activities and business-type activities.

Deferrals result from the following circumstances:

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.

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.

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.

Lastly, unrelated to pension reporting, property taxes collected within 60 days of year end are accounted for as deferred inflows of resources in the General Fund and in governmental activities.

Details of these deferred amounts reported in the government-wide Statement of Net Position are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	131,133.75	0.00
Differences between expected and actual experience	89,340.00	(57,023.00)
Changes in assumptions	0.00	(8,515.00)
Net difference between projected and actual earnings on pension plan investments	0.00	(990.00)
Total pension related deferrals	220,473.75	(66,528.00)
Deferred Inflows of Property Taxes	0.00	(15,677.23)
	220,473.75	(82,205.23)

Note 3 – Detailed Notes on All Funds (continued)

3-E. – Interfund Balances and Transfers

Interfund Balances – Interfund balances represent reimbursable expenses. At August 31, 2017, an outstanding balance existed between the General Fund and the CDBG Fund. Because the CDBG Fund disburses grant proceeds upon receipt, the General Fund advanced $1.00 to remain in the CDGB checking account to keep it open.

Interfund Transfers – During the year ended August 31, 2017, one interfund transfer, of $250,000 was made from the Natural Gas Fund to the General Fund.

3-F. Long-Term Debt

Long-term debt consists of estimates of future payments of benefits to employees. These employment related benefits are compensated absences payable and pension benefits. Because there are no borrowings, no interest cost is recorded. Obligations of governmental funds are liquidated through the General Fund; obligations of business-type activities are liquidated through the Natural Gas Fund.

Changes in Long-Term Debt for the year ended August 31, 2017

Employee Benefits	8/31/2016 Obligation	+ Additions	- Reductions	= 8/31/2017 Obligation	= 8/31/2017 Current	+ 8/31/2017 Long-Term
General Fund						0.00
Compensation	91,874.67	11,210.89	2,307.80	100,777.76	20,155.55	80,622.21
Pension	686,670.66	57,753.19	101,960.74	642,463.11	0.00	642,463.11
Natural Gas Fund						
Compensation	18,689.89	582.82	0.00	19,272.71	3,854.54	15,418.17
Pension	88,498.34	6,794.81	23,273.26	72,019.89	0.00	72,019.89
Totals	885,733.56	76,341.71	127,541.80	834,533.47	24,010.09	810,523.38

On December 31, 2015, the City entered into a **lease purchase agreement** to finance the acquisition of turnout gear to protect firefighters. At inception, the principal amount borrowed was $59,800.00. In compliance with terms of the lease, this amount was fully expended for public safety equipment. The duration of the lease was established for two years; the annual interest rate was 3.96%. All obligations for principal and interest were fully paid during fiscal year 2017. $2,144.17 in interest expense was paid during this year. Annual changes are as follows:

Changes in Lease Payable

8/31/2016 Obligation	+ Additions	- Reductions	= 8/31/2017 Obligation	= 8/31/2017 Current	+ 8/31/2017 Long-Term
59,800.00	0.00	59,800.00	0.00	0.00	0.00

3-G. Defined Benefit Pension Plan

Plan Description. The City contributes to the Georgia Municipal Employees Benefit System (GMEBS) City of Eatonton Retirement Plan (the Plan). GMEBS is an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for municipalities in Georgia. The Plan's benefit provisions were established by an adoption agreement executed by the City Council. The Georgia

Note 3 – Detailed Notes on All Funds (continued)

Constitution enables the governing authority, the City Council, to establish and amend the contribution rates for the employer and its plan members.

City officials and full-time employees are eligible to participate. Vesting of officials is immediate; employee benefits vest after ten (10) years of service. The retirement benefit formula is 1.25% - 1.75% (table breakpoint). The system also provides death benefits. Post retirement increases are not applicable to this plan.

Employees and former employees are covered by the benefit terms as follows:

Plan Participation at December 31, 2016:	
Inactive Employees or Beneficiaries Currently Receiving Benefits	44
Inactive Employees Entitled To, But Not Yet Receiving Benefits	15
Active Employees	68
	127

Complete financial statements as well as detailed information about the fiduciary net position of the plan are presented in a report issued by GMEBS. Reports may be obtained by writing to Georgia Municipal Association, The Burgess Building at 201 Pryor Street S.W., Atlanta, GA 30303-3606.

Funding Policy. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. Ongoing plans that are in compliance with the GMEBS funding policy are ultimately projected to have no unfunded benefits under this amortization method. The Plan is subject to minimum funding standards as set forth in the Public Retirement System Standards Law (Georgia Code Section 47-20-10). In order to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits, the GMEBS funding policy requires a different funding level than the estimated minimum annual contribution. The City's funding policy is to contribute an amount equal to the actuarially recommended contribution rate.

Contributions. The recommended contribution at January 1, 2016, for the City's fiscal year ending August 31, 2017, was $143,055. This amount represents 8.05 percent of expected payroll. Accordingly, the City contributed this amount. During the plan reporting period, employer contributions of $136,136 (This amount was actuarially determined.) were recognized by the plan. Because the City contributes the entire cost of the plan, employees are not required to contribute.

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.

Significant actuarial assumptions are used to compute the annual recommended contribution and the net pension liability. The assumptions and methods used to value the Plan were approved in December, 2014 by the Board of Trustees based on an experience study for the period January 1, 2010 to June 30, 2014. There were no changes in plan provisions, methods or assumptions in this valuation. The total pension liability, as calculated for the September 30, 2016 measurement date, was determined using the actuarial assumptions presented on the following page.

Note 3 – Detailed Notes on All Funds (continued)

Actuarial Methods and Assumptions:	
Actuarial Valuation Date	January 1, 2017
Net Investment Return	7.75% - On-going basis, long term expected rate of return on plan investments
Inflation	3.25%
Projected Salary Increases	Range from 3.75% to 8.75% and include an inflation adjustment of 3.25%
Mortality	RP-2000, based on a four year review of experience from 2010 - 2014
Cost of Living Adjustment	N/A

Net Pension Liability (NPL). The City's net pension liability was measured as of September 30, 2016; the total pension liability was determined by an actuarial valuation as of January 1, 2017. Update procedures were performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016, making those numbers applicable to the fiscal year ending August 31, 2017. These dates were used to determine the amounts in the following table which presents annual changes in the components of the net pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	4,022,048	3,246,879	775,169
Changes for the year:			
Service cost	82,473	0	82,473
Interest	304,522	0	304,522
Differences between expected and actual experience	39,721	0	39,721
Contributions - employer	0	136,136	(136,136)
Net investment income	0	359,215	(359,215)
Benefit payments including refunds of employee contributions	(185,457)	(185,457)	0
Administrative expense	0	(7,949)	7,949
Net changes	241,259	301,945	(60,686)
Balances at September 30, 2016	4,263,307	3,548,824	714,483

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. The amount of ***pension expense*** recognized for the year ended August 31, 2017 is $119,856.

Projected Cash Flows. Retirement plan funding anticipates that, over the long term, both contributions and investment earnings will be needed to cover benefit payments and expenses. Retirement plan assets change as a result of the net impact of these income and expense components.

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan/s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore,

Note 3 – Detailed Notes on All Funds (continued)

the long term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Possible variations in the net pension liability, when calculated with 1% variations in the discount rate, are presented as follows:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	1,199,078	714,483	303,652

The long-term expected rate of return on pension plan investments is 7.75%, ongoing basis. This 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

Plan termination basis:
2.26% (30 year Treasury securities rate as of August 2016, published in September 2016; 2.86% last year)

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	131,134	0
Differences between expected and actual experience	89,340	(57,023)
Changes of assumptions	0	(8,515)
Net difference between projected and actual earnings on pension plan investments	0	(990)
	220,474	(66,528)

Note 3 – Detailed Notes on All Funds (continued)

City contributions that were made subsequent to the measurement date are reported as deferred outflows of resources. This amount, $131,134 will be recognized as a reduction of the net pension liability in the fiscal year ending August 31, 2018. Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Actuarial Deferrals of Resources Related to Pensions - Outflows / (Inflows)

	Year Established	Outstanding Balance at 9/1/16	Amount Recognized During fye 8/31/17	Outstanding Balance at 8/31/17
Fiscal Year Outflows				
Demographic	2016	89,325	29,775	59,550
Investment	2016	170,448	42,612	127,836
Demographic	2017	39,721	9,931	29,790
Total Outflows		299,494	82,318	217,176
Fiscal Year Inflows				
Demographic	2015	(114,046)	(57,023)	(57,023)
Investment	2015	(61,479)	(20,493)	(40,986)
Assumption Change	2015	(17,030)	(8,515)	(8,515)
Investment	2017	(109,801)	(21,961)	(87,840)
Total Inflows		(302,356)	(107,992)	(194,364)
Total		(2,862)	(25,674)	22,812

Projected Recognition of Deferred Outflows/(Inflows)

	Year Established	for years ended August 31, 2018	2019	2020	2021	2022
Fiscal Year Outflows						
Demographic	2016	29,775	29,775	0	0	0
Investment	2016	42,612	42,612	42,612	0	0
Demographic	2017	9,930	9,930	9,930	0	0
Total Outflows		82,317	82,317	52,542	0	0
Fiscal Year Inflows						
Demographic	2015	(57,023)	0	0	0	0
Investment	2015	(20,493)	(20,493)	0	0	0
Assumption Change	2015	(8,515)	0	0	0	0
Investment	2017	(21,960)	(21,960)	(21,960)	(21,960)	0
Total Inflows		(107,991)	(42,453)	(21,960)	(21,960)	0
Total		(25,674)	39,864	30,582	(21,960)	0

3-H. Post-employment Benefits

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

Note 3 – Detailed Notes on All Funds (continued)

3-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 at August 31, 2017, is determined as follows:

	Governmental Activities	Business Type Activities	Total
Cost of Capital Assets	8,650,158.57	7,236,537.64	15,886,696.21
Less Accumulated Depreciation	4,546,172.35	2,980,061.73	7,526,234.08
Net Investment in Capital Assets	4,103,986.22	4,256,475.91	8,360,462.13

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	351,780.79
Unassigned	(479,530.71)
	(127,749.92)
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	523,347.55
Police Condemnation Fund	
Restricted by law for law enforcement equipment and supplies	17,546.21
Hotel / Motel Tax Fund assigned for development	1,637.29
	1,042,531.05
Capital Projects Funds	
Special Local Option Sales Tax Fund, No. 7	
Restricted by referendum for capital outlay	574,039.41
Special Local Option Sales Tax Fund, No. 8	
Restricted by referendum for capital outlay	356,058.54
Community Development Block Grant Fund	
Restricted for capital outlay	0.00
	930,097.95
	1,844,879.08

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

SPLOST No. 7. Approved in 2011, a county-wide referendum authorizing collection of a one percent, special local option sales tax provides for municipal projects through an intergovernmental agreement. Authorized for five years, collections are now concluded. Accumulated proceeds are accounted for in the SPLOST No. 7 Fund. In accordance with the referendum, these are to be expended for construction of roads, bridges and sidewalks; for acquisition of public safety and public works equipment; for sewer repairs; for building renovations; for extension

Note 3 – Detailed Notes on All Funds (continued)

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.

SPLOST No. 8. In 2015 county voters approved a referendum allowing the collection of special local option sales taxes to continue under SPLOST No. 8. Authorized for three years, the City received the first proceeds in 2017. Again, the county ballot specified funding dedicated for City projects. These include construction of roads, bridges and sidewalks; acquisitions of public works and public safety equipment; building renovations; and the expansion of natural gas infrastructure. Related financial activity is accounted for in the SPLOST No. 8 Fund. Cumulative expenditures for these projects are presented on the Schedule of Projects Constructed with Special Sales Tax Proceeds.

Note 4 - Other Notes

4-A. Risk Management

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

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

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

The funds are to defend and protect fund members against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. Further, the funds are to pay all costs against members in any legal proceeding defended by the member; all interest accruing after entry of judgment; all expenses incurred for investigation, negotiation or defense.

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

4-B. Contingent Liabilities

Georgia Environmental Facilities Loans

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

Note 4 - Other Notes (continued)

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.

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, 2017, was approximately $1,023,820.

Litigation

In the opinion of the City attorney, there were no legal actions in progress by or against the City at August 31, 2017, 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, 2017.

4-D. Property Taxes

4-D-1. Property Tax Levy - The City levied property taxes on September 6, 2016. The millage rate was rolled back by the amount of anticipated local option sales tax collections. All property taxes were due by December 1, 2016. Unpaid property taxes attach as an enforceable lien on property as of January 1.

4-D-2. Property Tax Abatement - For the purpose of stimulating the City's economy and tax base, the City may enter into agreements with individuals or entities in which (a) the City forgoes tax revenues to which they are otherwise entitled and (b) the individuals and/or entities commit to specific actions that will contribute to economic development benefiting the City or its citizens. Such development incentive agreements are authorized in accordance with the Official Code of Georgia and are approved by action of the City Council. The City discloses all such agreements.

4 - Other Notes (continued)

Legacy Housing Agreement - The Putnam Development Authority (PDA) and Legacy Housing, Ltd. (Legacy), a manufactured housing company, are parties to an economic development agreement. Through a bond for title agreement, all real and personal property related to the local manufacturing operation will be held by the PDA. The Authority then leases these assets to Legacy for the term of the agreement. Because the PDA is a tax exempt organization, their property holdings are exempt from ad valorem property taxes.

Prior to its execution, the City Council approved the terms of this agreement. In addition to the parties of the agreement, it was also signed by representatives of Putnam County, Georgia, the City of Eatonton, the Board of Tax Assessors of Putnam County and the Tax Commissioner of Putnam County, acknowledging their respective agreements to its provisions.

Beginning in 2017, Legacy Housing, Ltd., will be relieved of four years of property taxes from both the City of Eatonton and Putnam County. In return, Legacy agrees to provide and maintain an average of not less than 150 full time jobs. This agreement ensures that if the projected jobs are not met in the projected time frame, a portion of the funds will be refunded back to the Putnam Development Authority. From the agreement's inception, January 1, 2017, until the City's fiscal year end, August 31, 2017, $8,932 in City property taxes were not collected.

Local Option Sales Tax

4-E. Local Option Sales Tax (L.O.S.T.) – The City shares a one percent local option sales tax with Putnam County. The City's portion of L.O.S.T proceeds declines by two percent each year through 2020. In 2017 the City received 37% of total proceeds.

4-F. 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-G. 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-H. 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, 2017, the City paid $8,435 in dues.

Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission
175 C Emery Highway
Macon, Georgia 31217

4 - Other Notes (continued)

4-I. Notes Receivable – Revolving Loan Fund

At August 31, 2017, 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. As of the date of this report, this business has closed. When collateral is liquidated, City management estimates recovery of $12,000 of the outstanding balance. Thus, an estimated write off of $30,000 is anticipated. A summary of the loan status at fiscal year end follows.

Loans Receivable - Revolving Loan Fund - August 31, 2017

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, 2017, payments were behind schedule.	
The outstanding balance at August 31, 2017 was	$52,225.16

4-J. 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 eight 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	16,121.74
Services contracted with the Chamber of Commerce	(16,121.74)
Decrease in Fund Balance	0.00

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The City of Eatonton
Required Supplementary Information
For the Year Ended August 31, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
Total Pension Liability			
Service Cost	82,473	96,442	106,312
Interest	304,522	279,469	280,991
Differences between expected and actual experience	39,721	119,099	(228,092)
Changes of assumptions	0	0	(34,060)
Changes of benefit terms	0	0	0
Benefit payments, including refunds of employee contributions	(185,457)	(158,040)	(131,526)
Net change in total pension liability	241,259	336,970	(6,375)
Total pension liability - beginning	4,022,048	3,685,078	3,691,453
Total pension liability - ending (a)	4,263,307	4,022,048	3,685,078
Plan Fiduciary Net Position			
Contributions - employer	136,136	184,135	195,757
Net investment income	359,215	35,185	322,821
Benefit payments, including refunds of employee contributions	(185,457)	(158,040)	(131,526)
Administrative expense	(7,949)	(9,068)	(7,183)
Net change in fidicuary net position	301,945	52,212	379,869
Plan fiduciary net position - beginning	3,246,879	3,194,667	2,814,798
Plan fiduciary net position - ending (b)	3,548,824	3,246,879	3,194,667
Net pension liability - ending (a) - (b)	714,483	775,169	490,411
Plan fiduciary net position as a percentage of the total pension liability	83.24%	80.73%	86.69%
Covered employee payroll	1,897,874	1,740,433	1,817,904
Net pension liability as a percentage of covered employee payroll	37.65%	44.54%	26.98%

Notes to the Schedule

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

City of Eatonton, Georgia
Required Supplementary Information
For the Year Ended August 31, 2017

SCHEDULE OF PENSION CONTRIBUTIONS

	2017		2016		2015
Actuarially determined contribution	---	*	135,507		188,556
Contributions in relation to the actuarially determined contribution	---	*	135,507	**	188,556
Contribution deficiency (excess)	---	*	0		0
Covered employee payroll	---	*	1,740,433	***	1,817,904
Contributions as a percentage of covered employee payroll	---	*	7.79%		10.37%

Notes to the Schedule

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

* 2017 information will be determined after fiscal year end and will be included in the 2017 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee covered payroll of the actuarially determined contributions.

*** 2016 covered payroll is based on data collected as of August 31, 2015 for the 2016 actuarial valuation.

Valuation Date	The actuarially determined contribution was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending August 31, 2018.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age normal
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 11 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 varies from the market at end of year. If necessary the actuarial value is adjusted to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustment	0.00%
Retirement Age	65 - 70
Mortality	RP 2000 mortality tables

GOVERNMENTAL FUNDS

CITY OF EATONTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

AUGUST 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash	17,765.04	356,059.54	373,824.58
Taxes Receivable	1,418.46	0.00	1,418.46
Total Assets	19,183.50	356,059.54	375,243.04
Liabilities and Fund Balance			
Liabilities:			
Due to General Fund	0.00	1.00	1.00
Total Liabilities	0.00	1.00	1.00
Fund Balance:			
Assigned	1,637.29	0.00	1,637.29
Restricted for Program Purposes	17,546.21	0.00	17,546.21
Restricted for Capital Outlay	0.00	356,058.54	356,058.54
Total Fund Balances	19,183.50	356,058.54	375,242.04
Total Liabilities and Fund Balance	19,183.50	356,059.54	375,243.04

CITY OF EATONTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	16,121.74	0.00	16,121.74
Intergovernmental	0.00	451,259.14	451,259.14
Interest Income	63.52	432.82	496.34
	16,185.26	451,691.96	467,877.22
Expenditures			
General Government	0.00	3,256.42	3,256.42
Housing and Development	16,121.74	0.00	16,121.74
Public Safety	1,449.98	59,800.00	61,249.98
Capital Outlay	0.00	32,577.00	32,577.00
	17,571.72	95,633.42	113,205.14
Net Change in Fund Balance	(1,386.46)	356,058.54	354,672.08
Fund Balance at Beginning of Year	20,569.96	0.00	20,569.96
Fund Balance at End of Year	19,183.50	356,058.54	375,242.04

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, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Receivables:		
Due from the C.D.B.G. Fund	1.00	0.00
Accounts, Net of Allowance for Doubtful Accounts	18,881.50	18,339.58
Property Taxes, Net of Allowance for Doubtful Accounts	75,500.17	85,890.78
Intergovernmental	170,212.53	164,735.71
Prepaid Items	0.00	42,280.50
Time Certificates of Deposit	215,000.00	215,000.00
Restricted Assets:		
Cash	0.00	164,028.46
Time Certificates of Deposit	351,780.79	351,691.48
Total Assets	831,375.99	1,041,966.51
Liabilities, Deferred Inflow of Resources, Fund Balance		
Liabilities:		
Cash Overdraft	607,605.72	805,644.94
Accounts Payable	270,001.19	220,134.28
Accrued Wages and Related Liabilities	16,719.72	21,854.49
Deposits	49,122.05	46,548.79
Total Liabilities	943,448.68	1,094,182.50
Deferred Inflow of Property Taxes	15,677.23	24,669.40
Total Liabilities and Deferred Inflows of Resources	959,125.91	1,118,851.90
Fund Balance:		
Nonspendable	0.00	42,280.50
Restricted for Capital Outlay	0.00	164,028.46
Committed for Capital Outlay	351,780.79	351,691.48
Unassigned	(479,530.71)	(634,885.83)
Total Fund Balance	(127,749.92)	(76,885.39)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	831,375.99	1,041,966.51

CITY OF EATONTON, GEORGIA

GENERAL FUND

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

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes	3,379,745.00	3,379,745.00	3,323,949.19	(55,795.81)	3,100,676.75
Licenses and Permits	80,000.00	80,000.00	79,284.18	(715.82)	77,801.50
Intergovernmental Revenues	157,000.00	257,000.00	247,787.68	(9,212.32)	338,905.71
Charges for Services	221,112.00	263,112.00	250,308.54	(12,803.46)	237,973.05
Fines and Forfeitures	250,000.00	250,000.00	160,692.28	(89,307.72)	203,859.26
Other	14,000.00	29,000.00	9,061.79	(19,938.21)	17,236.94
Total Revenues	4,101,857.00	4,258,857.00	4,071,083.66	(187,773.34)	3,976,453.21
Expenditures					
Current:					
General Government	863,597.00	828,215.00	802,363.84	(25,851.16)	819,773.04
Judicial	18,800.00	21,800.00	21,127.03	(672.97)	22,251.64
Public Safety	1,927,848.00	1,927,848.00	1,837,069.42	(90,778.58)	1,963,052.36
Public Works	1,171,630.00	1,304,630.00	1,302,716.22	(1,913.78)	1,147,091.07
Health and Welfare	159,235.00	165,235.00	158,008.93	(7,226.07)	112,194.02
Culture and Recreation	107,200.00	107,200.00	97,108.21	(10,091.79)	150,139.41
Housing and Development	103,547.00	153,929.00	149,632.32	(4,296.68)	136,640.14
Total Expenditures	4,351,857.00	4,508,857.00	4,368,025.97	(140,831.03)	4,351,141.68
Excess (Deficiency) of Revenues	(250,000.00)	(250,000.00)	(296,942.31)	(46,942.31)	(374,688.47)
Other Financing Sources (Uses)					
Interest Expenditure	0.00	0.00	(3,922.22)	(3,922.22)	0.00
Transfer from Natural Gas Fund	250,000.00	250,000.00	250,000.00	0.00	275,000.00
Total Other Financing Sources (Uses)	250,000.00	250,000.00	246,077.78	(3,922.22)	275,000.00
Net Change in Fund Balance	0.00	0.00	(50,864.53)	(50,864.53)	(99,688.47)
Fund Balance at Beginning of Year			(76,885.39)		22,803.08
Fund Balance at End of Year			(127,749.92)		(76,885.39)

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Taxes:					
Property Taxes	1,250,000.00	1,250,000.00	1,349,322.07	99,322.07	1,153,419.27
Local Option Sales Tax	1,145,745.00	1,145,745.00	972,497.21	(173,247.79)	958,365.26
Tax on Insurance Premiums	350,000.00	350,000.00	404,818.07	54,818.07	373,726.19
Utility Franchise Tax	410,000.00	410,000.00	380,586.23	(29,413.77)	397,196.57
Alcoholic Beverage Tax	224,000.00	224,000.00	199,993.71	(24,006.29)	201,795.43
Delinquent Tax Penalties and Interest	0.00	0.00	16,731.90	16,731.90	16,174.03
	3,379,745.00	3,379,745.00	3,323,949.19	(55,795.81)	3,100,676.75
Licenses and Permits:					
Business Licenses	80,000.00	80,000.00	79,284.18	(715.82)	77,801.50
	80,000.00	80,000.00	79,284.18	(715.82)	77,801.50
Intergovernmental Grants for:					
Public Safety	0.00	0.00	1,420.00	1,420.00	895.00
Public Works	85,500.00	185,500.00	120,112.40	(65,387.60)	210,593.19
Health and Welfare	71,500.00	71,500.00	126,255.28	54,755.28	127,417.52
	157,000.00	257,000.00	247,787.68	(9,212.32)	338,905.71
Charges for Services:					
General Government	1,000.00	1,000.00	3,469.00	2,469.00	3,732.91
Public Safety	0.00	0.00	3,039.25	3,039.25	3,135.00
Public Works	208,100.00	250,100.00	227,057.69	(23,042.31)	215,789.34
Culture and Recreation	12,012.00	12,012.00	14,750.00	2,738.00	13,887.00
Health and Welfare	0.00	0.00	1,992.60	1,992.60	1,428.80
	221,112.00	263,112.00	250,308.54	(12,803.46)	237,973.05
Fines and Forfeitures:					
Municipal Court	250,000.00	250,000.00	160,692.28	(89,307.72)	203,859.26
	250,000.00	250,000.00	160,692.28	(89,307.72)	203,859.26
Other:					
Interest Earned	8,000.00	8,000.00	5,338.84	(2,661.16)	6,000.82
Sale of Surplus Assets	5,000.00	5,000.00	0.00	(5,000.00)	10,651.05
Miscellaneous	1,000.00	16,000.00	3,722.95	(12,277.05)	585.07
	14,000.00	29,000.00	9,061.79	(19,938.21)	17,236.94
Total Revenues	4,101,857.00	4,258,857.00	4,071,083.66	(187,773.34)	3,976,453.21
Other Financing Sources					
Transfer from Natural Gas Fund	250,000.00	250,000.00	250,000.00	0.00	275,000.00
Total Other Financing Sources	250,000.00	250,000.00	250,000.00	0.00	275,000.00
Total Revenues And Other Financing Sources	4,351,857.00	4,508,857.00	4,321,083.66	(187,773.34)	4,251,453.21

CITY OF EATONTON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
General Government					
City Council and Mayor					
Personnel Services and Employee Benefits	86,699.00	86,699.00	98,333.99	11,634.99	100,548.44
Travel, Education and Training	15,200.00	15,200.00	11,679.52	(3,520.48)	11,914.10
Insurance	32,300.00	32,300.00	25,217.60	(7,082.40)	28,244.36
Communications	2,500.00	2,500.00	460.65	(2,039.35)	663.36
Other	5,000.00	5,000.00	2,335.28	(2,664.72)	2,064.10
	141,699.00	141,699.00	138,027.04	(3,671.96)	143,434.36
Elections					
Poll Workers	0.00	0.00	0.00	0.00	12,069.73
Travel, Education and Training	1,000.00	1,000.00	0.00	(1,000.00)	0.00
Communications	0.00	0.00	148.50	148.50	71.88
Supplies	1,500.00	1,500.00	1,395.00	(105.00)	2,979.90
	2,500.00	2,500.00	1,543.50	(956.50)	15,121.51
Financial and General Administration					
Personnel Services and Employee Benefits	351,049.00	300,667.00	287,791.58	(12,875.42)	289,751.01
Travel, Education and Training	7,000.00	7,000.00	7,155.29	155.29	9,577.15
Professional and Technical Services	68,850.00	68,850.00	77,637.07	8,787.07	80,051.73
Maintenance and Repairs	5,000.00	5,000.00	11,302.50	6,302.50	6,858.42
Insurance	6,000.00	6,000.00	4,087.14	(1,912.86)	4,798.56
Communications	21,800.00	21,800.00	22,996.80	1,196.80	25,268.40
Supplies	10,500.00	10,500.00	18,925.75	8,425.75	14,386.29
Utilities	4,000.00	4,000.00	4,516.86	516.86	5,297.04
Capital Outlay	0.00	15,000.00	0.00	(15,000.00)	0.00
Other	3,500.00	3,500.00	0.00	(3,500.00)	1,412.30
	477,699.00	442,317.00	434,412.99	(7,904.01)	437,400.90
Buildings and Grounds					
Personnel Services and Employee Benefits	170,699.00	170,699.00	177,332.38	6,633.38	177,457.85
Professional and Technical Services	24,500.00	24,500.00	2,250.00	(22,250.00)	0.00
Maintenance and Repairs	12,000.00	12,000.00	15,320.31	3,320.31	10,592.07
Insurance	20,000.00	20,000.00	18,423.72	(1,576.28)	17,703.82
Communications	1,200.00	1,200.00	959.96	(240.04)	1,028.02
Supplies	4,800.00	4,800.00	6,414.57	1,614.57	7,687.72
Gasoline	4,500.00	4,500.00	4,947.93	447.93	5,294.55
Utilities	4,000.00	4,000.00	2,731.44	(1,268.56)	4,052.24
	241,699.00	241,699.00	228,380.31	(13,318.69)	223,816.27
Total General Government	863,597.00	828,215.00	802,363.84	(25,851.16)	819,773.04

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Judicial System					
Municipal Court	18,800.00	21,800.00	21,127.03	(672.97)	22,251.64
Total Judicial System	18,800.00	21,800.00	21,127.03	(672.97)	22,251.64
Public Safety					
Police Department					
Personnel Services and Employee Benefits	1,252,281.00	1,252,281.00	1,176,819.83	(75,461.17)	1,225,551.19
Travel, Education and Training	4,800.00	4,800.00	8,806.96	4,006.96	10,624.67
Professional and Technical Services	33,200.00	33,200.00	8,369.00	(24,831.00)	9,105.00
Maintenance and Repairs	41,000.00	41,000.00	64,292.54	23,292.54	95,886.52
Insurance	50,000.00	50,000.00	66,472.42	16,472.42	56,838.65
Communications	19,500.00	19,500.00	18,075.20	(1,424.80)	20,670.25
Supplies, Hardware and Small Equipment	21,000.00	21,000.00	45,042.73	24,042.73	59,634.76
Gasoline	67,000.00	67,000.00	48,965.46	(18,034.54)	56,175.21
Utilities	11,000.00	11,000.00	12,726.11	1,726.11	12,192.42
Prisoner Housing	24,000.00	24,000.00	24,772.52	772.52	44,585.70
Drug Task Force	5,000.00	5,000.00	5,000.00	0.00	5,000.00
Other	1,200.00	1,200.00	0.00	(1,200.00)	117.70
	1,529,981.00	1,529,981.00	1,479,342.77	(50,638.23)	1,596,382.07
Fire and Rescue Services					
Personnel Services and Employee Benefits	290,747.00	290,747.00	218,783.97	(71,963.03)	262,429.57
Volunteer Fire Fighter Drill Fees	28,000.00	28,000.00	49,646.83	21,646.83	19,815.00
Travel, Education and Training	2,000.00	2,000.00	94.95	(1,905.05)	52.11
Maintenance and Repairs	5,000.00	5,000.00	11,075.23	6,075.23	5,524.57
Insurance	8,820.00	8,820.00	7,033.26	(1,786.74)	7,729.16
Communications	8,300.00	8,300.00	14,862.69	6,562.69	15,501.52
Supplies, Hardware and Small Equipment	3,000.00	3,000.00	8,159.41	5,159.41	10,922.82
Gasoline	5,000.00	5,000.00	3,930.36	(1,069.64)	2,649.27
Rescue Squad Drill Fees	5,000.00	5,000.00	0.00	(5,000.00)	2,090.00
Capital Outlay	2,000.00	2,000.00	0.00	(2,000.00)	0.00
	357,867.00	357,867.00	313,586.70	(44,280.30)	326,714.02
Animal Control	40,000.00	40,000.00	44,139.95	4,139.95	39,956.27
Total Public Safety	1,927,848.00	1,927,848.00	1,837,069.42	(90,778.58)	1,963,052.36

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Public Works					
Highways and Streets					
Personnel Services and Employee Benefits	639,490.00	639,490.00	589,355.88	(50,134.12)	592,935.53
Travel, Education and Training	600.00	600.00	110.00	(490.00)	0.00
Professional and Technical Services	2,200.00	2,200.00	152.75	(2,047.25)	605.00
Maintenance and Repairs	59,860.00	59,860.00	86,171.54	26,311.54	35,999.05
Insurance	26,000.00	26,000.00	16,795.66	(9,204.34)	18,215.97
Communications	5,000.00	5,000.00	3,888.81	(1,111.19)	1,686.04
Supplies, Hardware and Small Equipment	35,000.00	35,000.00	43,928.94	8,928.94	104,887.53
Gasoline	38,000.00	38,000.00	28,579.11	(9,420.89)	28,164.01
Utilities	142,000.00	142,000.00	150,837.09	8,837.09	153,755.35
Prison Crew Fees	80,000.00	80,000.00	78,998.00	(1,002.00)	77,862.60
Capital Outlay	15,000.00	145,000.00	164,528.46	19,528.46	600.00
	1,043,150.00	1,173,150.00	1,163,346.24	(9,803.76)	1,014,711.08
Solid Waste and Recycling					
Waste Disposal Fees	117,000.00	120,000.00	130,917.35	10,917.35	122,053.35
Insurance	11,480.00	11,480.00	8,452.63	(3,027.37)	10,326.64
	128,480.00	131,480.00	139,369.98	7,889.98	132,379.99
Total Public Works	1,171,630.00	1,304,630.00	1,302,716.22	(1,913.78)	1,147,091.07
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	50,010.00	50,010.00	46,561.27	(3,448.73)	20,458.88
Professional and Technical Services	0.00	0.00	8,954.22	8,954.22	62.50
Maintenance and Repairs	2,000.00	8,000.00	4,493.61	(3,506.39)	1,769.34
Insurance	6,000.00	6,000.00	0.00	(6,000.00)	0.00
Communications	3,000.00	3,000.00	3,240.99	240.99	3,155.38
Supplies, Hardware and Small Equipment	5,000.00	5,000.00	10,790.14	5,790.14	11,317.18
Travel	500.00	500.00	5,341.87	4,841.87	2,136.90
Utilities	5,000.00	5,000.00	8,960.63	3,960.63	9,561.84
Seniors Meal Costs	84,825.00	84,825.00	69,666.20	(15,158.80)	63,732.00
	156,335.00	162,335.00	158,008.93	(4,326.07)	112,194.02
Total Health and Welfare	159,235.00	165,235.00	158,008.93	(7,226.07)	112,194.02
Culture and Recreation					
Arts Center Operating Support	51,000.00	51,000.00	51,000.00	0.00	51,000.00
Maintenance and Repairs	5,000.00	5,000.00	9,306.81	4,306.81	13,816.70
Insurance	15,200.00	15,200.00	6,876.36	(8,323.64)	6,409.54
Utilities	20,000.00	20,000.00	13,925.04	(6,074.96)	18,913.17
Library Operating Support	16,000.00	16,000.00	16,000.00	0.00	60,000.00
Total Culture and Recreation	107,200.00	107,200.00	97,108.21	(10,091.79)	150,139.41

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL, CONTINUED

FOR THE YEAR ENDED AUGUST 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Housing and Development					
Planning and Zoning	6,800.00	6,800.00	4,776.10	(2,023.90)	3,978.39
Historical Commission	2,500.00	2,500.00	2,282.80	(217.20)	1,973.82
Code Enforcement					
Personnel Services and Employee Benefits	49,647.00	49,647.00	47,896.77	(1,750.23)	47,986.24
Travel, Education and Training	1,100.00	1,100.00	2,002.09	902.09	52.00
Professional and Technical Services	0.00	0.00	0.00	0.00	0.00
Insurance	1,160.00	1,160.00	1,212.70	52.70	1,161.12
Communications	600.00	600.00	452.61	(147.39)	434.55
Supplies, Hardware and Small Equipment	240.00	240.00	366.99	126.99	629.41
Gasoline	500.00	500.00	486.90	(13.10)	464.59
	62,547.00	62,547.00	59,476.96	(3,070.04)	56,680.12
Economic Development					
Personnel Services and Employee Benefits	0.00	50,382.00	48,775.36	(1,606.64)	37,752.54
Economic Development Grants	41,000.00	41,000.00	41,380.00	380.00	42,207.48
	41,000.00	91,382.00	90,155.36	(1,226.64)	79,960.02
Total Housing and Development	103,547.00	153,929.00	149,632.32	(4,296.68)	136,640.14
Total Expenditures	4,351,857.00	4,508,857.00	4,368,025.97	(140,831.03)	4,351,141.68
Other Financing Uses					
Interest Expenditure	0.00	0.00	3,922.22	3,922.22	0.00
Total Other Financing Uses	0.00	0.00	3,922.22	3,922.22	0.00
Total Expenditures and Other Financing Uses	4,351,857.00	4,508,857.00	4,371,948.19	(136,908.81)	4,351,141.68

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, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and Cash Equivalents	35,847.55	31,859.17
Time Certificates of Deposit	487,500.00	487,500.00
Restricted Assets:		
Time Certificates of Deposit	500,000.00	500,000.00
Total Assets	1,023,347.55	1,019,359.17
Liabilities and Fund Balance		
Liabilities		
None	0.00	0.00
Fund Balance		
Fund Balance, Restricted	500,000.00	500,000.00
Fund Balance, Committed	523,347.55	519,359.17
Total Fund Balance	1,023,347.55	1,019,359.17
Total Liabilities and Fund Balance	1,023,347.55	1,019,359.17

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Interest Earned	0.00	0.00	3,988.38	3,988.38	4,475.41
Total Revenues	0.00	0.00	3,988.38	3,988.38	4,475.41
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	3,988.38	3,988.38	4,475.41
Fund Balance at Beginning of Year			1,019,359.17		1,014,883.76
Fund Balance at End of Year			1,023,347.55		1,019,359.17

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2017

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash	218.83	17,546.21	17,765.04
Taxes Receivable	1,418.46	0.00	1,418.46
Total Assets	1,637.29	17,546.21	19,183.50
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	17,546.21	17,546.21
Assigned	1,637.29	0.00	1,637.29
Total Fund Balances	1,637.29	17,546.21	19,183.50
Total Liabilities and Fund Balance	1,637.29	17,546.21	19,183.50

CITY OF EATONTON, GEORGIA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2017

	Hotel / Motel Tax Fund	Police Condemnation Fund	Total Nonmajor Special Revenue Funds
Revenues			
Hotel / Motel Taxes	16,121.74	0.00	16,121.74
Fines and Forfeitures	0.00	0.00	0.00
Interest Income	0.00	63.52	63.52
	16,121.74	63.52	16,185.26
Expenditures			
Housing and Development	16,121.74	0.00	16,121.74
Public Safety	0.00	1,449.98	1,449.98
	16,121.74	1,449.98	17,571.72
Net Change in Fund Balance	0.00	(1,386.46)	(1,386.46)
Fund Balance at Beginning of Year	1,637.29	18,932.67	20,569.96
Fund Balance at End of Year	1,637.29	17,546.21	19,183.50

CITY OF EATONTON, GEORGIA

HOTEL / MOTEL TAX FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash	218.83	848.34
Taxes Receivable	1,418.46	788.95
Total Assets	1,637.29	1,637.29
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance Assigned for Development	1,637.29	1,637.29
Total Liabilities and Fund Balance	1,637.29	1,637.29

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Hotel / Motel Taxes	12,000.00	17,000.00	16,121.74	(878.26)	9,633.59
Expenditures					
Contracted Services for Tourism Promotion	11,500.00	16,500.00	16,121.74	(378.26)	11,500.00
Professional Services	500.00	500.00	0.00	(500.00)	0.00
	12,000.00	17,000.00	16,121.74	(878.26)	11,500.00
Net Change in Fund Balance	0.00	0.00	0.00	0.00	(1,866.41)
Fund Balance at Beginning of Year			1,637.29		3,503.70
Fund Balance at End of Year			1,637.29		1,637.29

CITY OF EATONTON, GEORGIA

POLICE CONDEMNATION FUND

COMPARATIVE BALANCE SHEET

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash	17,546.21	18,932.67
Total Assets	17,546.21	18,932.67
Liabilities and Fund Balance		
Liabilities:		
None	0.00	0.00
Fund Balance		
Restricted for Program Purposes	17,546.21	18,932.67
Total Liabilities and Fund Balance	17,546.21	18,932.67

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED AUGUST 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenues					
Proceeds from Seizures	20,000.00	20,000.00	0.00	(20,000.00)	4,801.00
Interest Earned	50.00	50.00	63.52	13.52	63.64
Total Revenues	20,050.00	20,050.00	63.52	(19,986.48)	4,864.64
Expenditures					
Technical Services	50.00	50.00	850.00	800.00	1,260.00
Supplies, Small Tools and Equipment	0.00	0.00	599.98	599.98	200.00
Capital Outlay	20,000.00	20,000.00	0.00	(20,000.00)	0.00
Total Expenditures	20,050.00	20,050.00	1,449.98	(18,600.02)	1,460.00
Net Change in Fund Balance	0.00	0.00	(1,386.46)	(1,386.46)	3,404.64
Fund Balance at Beginning of Year			18,932.67		15,528.03
Fund Balance at End of Year			17,546.21		18,932.67

CAPITAL PROJECTS FUNDS

Major Fund

Special Local Option Sales Tax Fund No. 7 - To account for receipts of special sales tax proceeds. Proceeds are to be expended in accordance with the terms of a local referendum for:

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

Nonmajor Funds

Special Local Option Sales Tax Fund No. 8 - 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
- Public safety equipment
- Public works equipment
- Building renovations
- Natural gas infrastructure

Community Development Block Grant Fund, 15p-x-117-2-5849 – To account for grant proceeds designated for street improvements and flood and drainage facilities.

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND No. 7

COMPARATIVE BALANCE SHEET

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash and Cash Equivalents	574,039.41	672,775.28
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	0.00	0.00
Fund Balance, Restricted for Capital Outlay	574,039.41	672,775.28
Total Liabilities and Fund Balance	574,039.41	672,775.28

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND No.7

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Revenues		
Intergovernmental: Putnam County SPLOST	209,762.87	596,359.38
Interest Income	2,540.37	1,815.30
	212,303.24	598,174.68
Expenditures		
Capital Outlay for:		
Roads, Bridges, Sidewalks	203,063.55	28,570.00
Public Safety Equipment	0.00	48,850.00
Public Works Equipment	9,600.00	106,555.00
Building Renovations	41,400.00	0.00
City Park	22,008.08	0.00
Waste Water Improvements	34,967.48	99,413.10
	311,039.11	283,388.10
Net Change in Fund Balance	(98,735.87)	314,786.58
Fund Balance at Beginning of Year	672,775.28	357,988.70
Fund Balance at End of Year	574,039.41	672,775.28

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

AUGUST 31, 2017

	SPLOST Fund No. 8	CDBG Fund	Total Nonmajor Capital Projects Funds
Assets			
Cash	356,058.54	1.00	356,059.54
Total Assets	356,058.54	1.00	356,059.54
Liabilities and Fund Balance			
Liabilities:			
Due to General Fund	0.00	1.00	1.00
Total Liabilities	0.00	1.00	1.00
Fund Balance:			
Restricted for Capital Outlay	356,058.54	0.00	356,058.54
Total Fund Balances	356,058.54	0.00	356,058.54
Total Liabilities and Fund Balance	356,058.54	1.00	356,059.54

CITY OF EATONTON, GEORGIA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2017

	SPLOST Fund No. 8	CDBG Fund	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	418,682.14	32,577.00	451,259.14
Interest Income	432.82	0.00	432.82
	419,114.96	32,577.00	451,691.96
Expenditures			
Capital Outlay for:			
General Government	3,256.42	0.00	3,256.42
Public Safety	59,800.00	0.00	59,800.00
Public Works	0.00	32,577.00	32,577.00
	63,056.42	32,577.00	95,633.42
Net Change in Fund Balance	356,058.54	0.00	356,058.54
Fund Balance at Beginning of Year	0.00	0.00	0.00
Fund Balance at End of Year	356,058.54	0.00	356,058.54

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND No. 8

COMPARATIVE BALANCE SHEET

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash and Cash Equivalents	356,058.54	0.00
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	0.00	0.00
Fund Balance, Restricted for Capital Outlay	356,058.54	0.00
Total Liabilities and Fund Balance	356,058.54	0.00

CITY OF EATONTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND No. 8

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Revenues		
Intergovernmental: Putnam County SPLOST	418,682.14	0.00
Interest Income	432.82	0.00
	419,114.96	0.00
Expenditures		
Capital Outlay for:		
Roads, Bridges, Sidewalks	0.00	0.00
Public Safety Equipment	59,800.00	0.00
Public Works Equipment	0.00	0.00
Building Renovations	3,256.42	0.00
Natural Gas Infrastructure	0.00	0.00
	63,056.42	0.00
Net Change in Fund Balance	356,058.54	0.00
Fund Balance at Beginning of Year	0.00	0.00
Fund Balance at End of Year	356,058.54	0.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

C.D.B.G. No. 15p-x-117-2-5849

COMPARATIVE BALANCE SHEET

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash	1.00	0.00
Total Assets	1.00	0.00
Liabilities and Fund Balance		
Liabilities:		
Due to the General Fund	1.00	0.00
Fund Balance, Restricted for Capital Outlay	0.00	0.00
Total Liabilities and Fund Balance	1.00	0.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

C.D.B.G. No. 15p-x-117-2-5849

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Revenues		
Intergovernmental Federal Grant - C.D.B.G.	32,577.00	0.00
	32,577.00	0.00
Expenditures		
Capital Outlay for Street Improvements		
Public Works		
Street Improvements	0.00	0.00
Flood and Drainage Facilities	0.00	0.00
Engineering	23,827.00	0.00
Contingencies	0.00	0.00
Administration	8,750.00	0.00
	32,577.00	0.00
Excess (Deficiency) of Revenues over Expenditures	0.00	0.00
Fund Balance at Beginning of Year	0.00	0.00
Fund Balance at End of Year	0.00	0.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

C.D.B.G. No. 15p-x-117-2-5849

STATEMENT OF SOURCE AND STATUS OF FUNDS

FOR THE PERIOD SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017

Source of Funds		
Total Program Funds Allocated	500,000.00	
Less: Total Funds Drawn Down by Recipient	32,577.00	
Available Program Funds		467,423.00
Status of Funds		
Total Funds Drawn Down by Recipient	32,577.00	
Less: Funds Applied to Program Expense	32,577.00	
Total Funds Held by Recipient		0.00
Total Funds Available for Disposition		467,423.00

CITY OF EATONTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

C.D.B.G. No. 15p-x-117-2-5849

STATEMENT OF PROJECT COSTS

FOR THE PERIOD SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017

Program Activity	CDBG Activity Number	Approved Budget	CDBG Expenditures Cumulative	Questioned Costs
Engineering	T-03K-00	40,000.00	23,827.00	0.00
Street Improvements	P-03K-01	60,000.00	0.00	0.00
Flood and Drainage Facilities	P-03K-02	325,000.00	0.00	0.00
Administration	A-21A-00	30,000.00	8,750.00	0.00
Contingencies	C-022-00	45,000.00	0.00	0.00
Total		500,000.00	32,577.00	0.00

PROPRIETARY FUNDS

Major Fund

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

Nonmajor Fund

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

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

COMPARATIVE STATEMENT OF NET POSITION

AUGUST 31, 2017 AND 2016

	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	1,447,941.11	1,467,989.99
Time Certificates of Deposit	393,723.12	393,136.40
Accounts Receivable, Net of Allowance for Doubtful Accounts	43,593.51	35,790.42
Time Certificates of Deposit, Customer Deposits	386,639.84	384,636.12
Total Current Assets	2,271,897.58	2,281,552.93
Capital Assets		
Natural Gas System	6,841,353.57	6,841,353.57
Machinery and Equipment	395,184.07	394,584.07
	7,236,537.64	7,235,937.64
Less Accumulated Depreciation	2,980,061.73	2,848,941.17
Total Capital Assets	4,256,475.91	4,386,996.47
Total Assets	6,528,373.49	6,668,549.40
Deferred Outflows of Resources	22,223.75	33,218.40
Total Assets and Deferred Outflows of Resources	6,550,597.24	6,701,767.80
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts Payable	13,435.06	13,175.64
Customer Deposits	57,555.66	62,549.54
Current Portion of Compensated Absences Payable	3,854.54	3,737.97
Total Current Liabilities	74,845.26	79,463.15
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences Payable	15,418.17	14,951.92
Net Pension Liability	72,019.89	88,498.34
Total Long-Term Liabilities	87,438.06	103,450.26
Total Liabilities	162,283.32	182,913.41
Deferred Inflows of Resources	6,706.02	13,500.83
Total Liabilities and Deferred Inflows of Resources	168,989.34	196,414.24
Net Position		
Investment in Capital Assets	4,256,475.91	4,386,996.47
Committed for Stabilization	157,952.00	158,131.00
Unrestricted	1,967,179.99	1,960,226.09
Total Net Position	6,381,607.90	6,505,353.56

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

	2017	2016
Operating Revenues		
Sale of Natural Gas	1,238,908.63	1,275,557.95
Tap and Re-connection Fees	18,445.00	13,450.00
Penalties	17,078.28	21,534.89
Other	3,369.97	2,641.60
Total Operating Revenues	1,277,801.88	1,313,184.44
Operating Expenses		
Cost of Natural Gas	480,674.58	478,532.52
Personnel Services and Employee Benefits	316,346.53	313,029.86
Professional Services	48,239.37	44,989.70
Maintenance and Repairs	58,271.30	21,377.65
Depreciation Expense	131,120.56	127,215.56
Insurance	7,138.32	8,073.18
Communications	22,057.48	27,530.98
Supplies, Hardware and Small Equipment	42,443.31	57,638.94
Gasoline	12,663.21	13,678.67
Utilities	7,740.67	11,841.85
Taxes	22,998.07	22,853.09
Other	4,663.00	4,096.78
Total Operating Expenses	1,154,356.40	1,130,858.78
Operating Income (Loss)	123,445.48	182,325.66
Non-Operating Revenues		
Interest Income	2,808.86	2,978.13
Net Income Before Transfers	126,254.34	185,303.79
Transfer to the General Fund	(250,000.00)	(275,000.00)
Change in Net Position	(123,745.66)	(89,696.21)
Net Position at Beginning of Year	6,505,353.56	6,595,049.77
Net Position at End of Year	6,381,607.90	6,505,353.56

CITY OF EATONTON, GEORGIA

NATURAL GAS FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Cash Received from Customers	1,265,004.91	1,309,013.75
Cash Payments for Personnel Services	(328,042.32)	(310,692.27)
Cash Payments for Goods and Services	(706,629.89)	(690,868.94)
Net Cash Provided (Used) by Operating Activities	230,332.70	307,452.54
Cash Flows from Noncapital Financing Activities		
Transfer to the General Fund	(250,000.00)	(275,000.00)
Net Cash Provided (Used) by Noncapital Financing Activities	(250,000.00)	(275,000.00)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(600.00)	(16,300.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(600.00)	(16,300.00)
Cash Flows from Investing Activities		
Earnings On Investments	2,808.86	2,978.13
(Increase) Decrease in Investments	(2,590.44)	(2,691.55)
Net Cash Flows From Investing Activities	218.42	286.58
Net Increase (Decrease) in Cash	(20,048.88)	16,439.12
Cash at Beginning of Year	1,467,989.99	1,451,550.87
Cash at End of Year	1,447,941.11	1,467,989.99
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	123,445.48	182,325.66
Adjustments:		
Depreciation	131,120.56	127,215.56
(Increase) Decrease in Assets:		
Accounts / Notes Receivable	(7,803.09)	(3,315.94)
Sales Tax Deposit	0.00	2,638.52
Increase (Decrease) in Liabilities:		
Accounts Payable	259.42	(255.58)
Customer Deposits	(4,993.88)	(854.75)
Accrued Liabilities	582.82	1,368.23
Net Change in Pension Liability and Deferrals	(12,278.61)	(1,669.16)
Net Cash Provided by (Used in) Operating Activities	230,332.70	307,452.54

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

COMPARATIVE STATEMENT OF NET POSITION

AUGUST 31, 2017 AND 2016

	2017	2016
Assets		
Cash	22,805.21	17,905.13
Notes Receivable	52,225.16	56,251.77
Total Assets	75,030.37	74,156.90
Liabilities		
Accounts Payable	1,250.00	1,250.00
Net Position		
Restricted for Program Purposes	73,780.37	72,906.90

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Operating Revenues		
Interest and Penalties - Notes Receivable	2,148.39	1,519.18
Total Operating Revenues	2,148.39	1,519.18
Operating Expenses		
Professional Services	1,250.00	1,250.00
Administrative Expense	56.29	0.00
Total Operating Expenses	1,306.29	1,250.00
Operating Income (Loss)	842.10	269.18
Non-Operating Revenues		
Interest - Bank Account	31.37	25.44
Change in Net Position	873.47	294.62
Net Position at Beginning of Year	72,906.90	72,612.28
Net Position at End of Year	73,780.37	72,906.90

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Cash Received from Customers	6,175.00	3,856.00
Cash Payments for Goods and Services	(1,306.29)	(1,250.00)
Net Cash Provided (Used) by Operating Activities	4,868.71	2,606.00
Cash Flows from Investing Activities		
Earnings On Investments	31.37	25.44
Net Cash Flows From Investing Activities	31.37	25.44
Net Increase (Decrease) in Cash and Cash Equivalents	4,900.08	2,631.44
Cash at Beginning of Year	17,905.13	15,273.69
Cash at End of Year	22,805.21	17,905.13
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	842.10	269.18
Adjustments:		
(Increase) Decrease in Assets:		
Notes Receivable	4,026.61	2,336.82
Net Cash Provided by (Used in) Operating Activities	4,868.71	2,606.00

CITY OF EATONTON, GEORGIA

REVOLVING LOAN FUND

STATEMENT OF NET POSITION AS OF JUNE 30, 2017

Assets	
Cash	22,799.43
Notes Receivable, Net of Allowance for Doubtful Accounts	52,225.16
Total Assets	75,024.59
Liabilities	
None	0.00
Net Position	
Restricted for Program Purposes	75,024.59

SPECIAL REPORTS

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

INDEPENDENT AUDITOR'S REPORT
On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

In accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the related notes to the financial statements of the City of Eatonton, Georgia, as of and for the year ended August 31, 2017. These collectively comprise the City's basic financial statements. We have issued our report thereon, dated February 15 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section. It was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over

financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

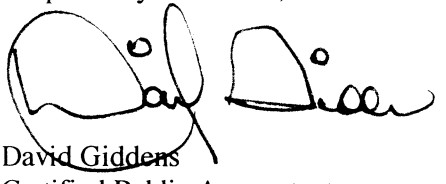
As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 15, 2018.

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 15, 2018

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

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

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

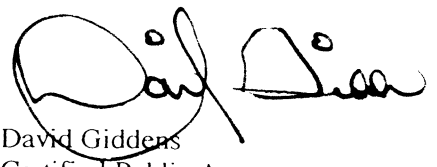
We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Eatonton, Georgia for the year ended August 31, 2017. This schedule is the responsibility of City management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option 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, 2017, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,



David Giddens
Certified Public Accountant
Eatonton, Georgia

February 15, 2018

CITY OF EATONTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED

WITH SPECIAL SALES TAX PROCEEDS

FOR THE YEAR ENDED AUGUST 31, 2017

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
Special Local Option Sales Tax Fund No. 7					
Roads, Bridges, Sidewalks	1,775,000.00	521,420.33	203,063.55	724,483.88	59%
Public Works Equipment	305,000.00	166,654.50	9,600.00	176,254.50	100%
Public Safety Equipment	350,000.00	96,166.15	0.00	96,166.15	58%
Building Renovations, Improvements	195,000.00	0.00	41,400.00	41,400.00	100%
Downtown Parking Lot	300,000.00	288,068.30	0.00	288,068.30	100%
City Park	100,000.00	0.00	22,008.08	22,008.08	100%
Natural Gas Line Extension	1,975,000.00	1,064,299.62	0.00	1,064,299.62	100%
Waste Water Improvements	1,000,000.00	490,350.41	34,967.48	525,317.89	100%
Totals	6,000,000.00	2,626,959.31	311,039.11	2,937,998.42	

Final proceeds of SPLOST No. 7 were received in January 2017. Even with the addition of related grant funding, the total revenues will fall short of original estimates by approximately 40%. Thus, when fully expended, the total expenditures for each project will fall short of original projections.

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
Special Local Option Sales Tax Fund No. 8					
Roads, Bridges, Sidewalks	790,000.00	0.00	0.00	0.00	0%
Public Works Equipment	395,000.00	0.00	0.00	0.00	0%
Public Safety Equipment	115,000.00	0.00	59,800.00	59,800.00	52%
Building Renovations	160,000.00	0.00	3,256.42	3,256.42	2%
Natural Gas Infrastructure	400,000.00	0.00	0.00	0.00	0%
Totals	1,860,000.00	0.00	63,056.42	63,056.42	