

City of Elberton, Georgia

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2011

Prepared by:

Department of Finance

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Part I

Introductory Section

CITY OF ELBERTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Elberton

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

CITY OF ELBERTON, GEORGIA

CITY OFFICIALS

June 30, 2011

MAYOR
Larry L. Guest

CITY COUNCIL
Bobby G. Hunt, Mayor Pro Tempore
Carey Butler
Troy Colquitt
Bob Paul
Joel Seymour

CITY MANAGER
Lanier W. Dunn, CPA

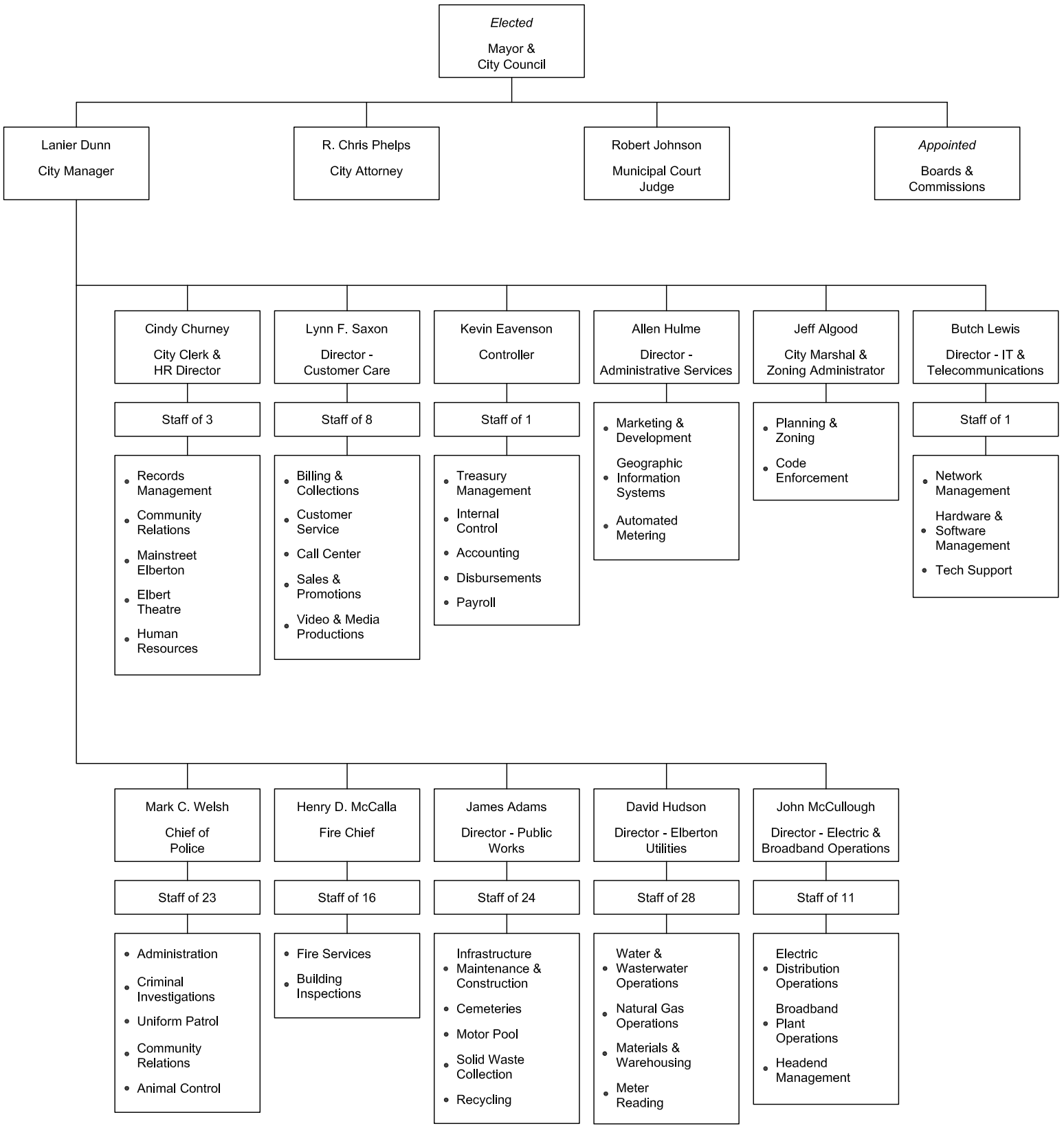
CITY ATTORNEY
R. Chris Phelps

MUNICIPAL COURT JUDGE
Robert A. Johnson

City of Elberton, Ga.

Organizational Chart

as of June 30, 2011



CITY OF ELBERTON
P. O. Box 70
230 N. McIntosh Street
ELBERTON, GA 30635
Phone: 706-213-3100
Fax: 706-213-3125

October 28, 2011

The Honorable Larry L. Guest, Mayor
Members of the City Council, and
Citizens of the City of Elberton

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Elberton, Georgia, for the fiscal year ended June 30, 2011, is submitted for review as mandated by both local ordinance and state statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations concerning the finances of the City, the City of Elberton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Elberton's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

In the Financial Section immediately after the independent auditor's report is a management's discussion and analysis which provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis begins on page 3. The Elberton Code of Ordinances and the Official Code of Georgia, annotated, require an annual audit of the books of account, financial records and transactions of all funds and activities of the City by independent certified public accountants selected by the Mayor and Council. This requirement has been met, and the independent auditor's report has been included in the Financial Section of this report.

This report has been prepared with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), in accordance with generally accepted accounting principles and current financial reporting standards as set forth by the Governmental Accounting Standards Board (GASB).

PROFILE OF THE GOVERNMENT

The City of Elberton is located in the northeast part of the State of Georgia, within the boundaries of Elbert County. According to the 2010 U.S. Census, Elberton has a population of 4,653 while Elbert County has 20,166. Elberton is approximately 35 miles east of Athens, Georgia, and about 100 miles east of Atlanta. Elberton was chartered by the State of Georgia in 1803. The governing authority of the City is composed of a Mayor and five Council Members, who appoint a Manager to administer the daily operations of the City.

The City of Elberton provides a full range of governmental and utility services. These include general government administration, police and fire protection, sanitation and recycling services, animal control, streets and public works, cemetery services, parks and recreation, planning and zoning, and a municipal court system. Elberton Utilities, a department of the City of Elberton, provides electric, natural gas, water and wastewater services to customers in the City as well as a large portion of Elbert County. ElbertonNET Technology Services, a department of the City, provides telecommunications, cable television, and Internet, and voice-over-IP phone services to customers in the City and parts of Elbert County.

The annual budget serves as the foundation for the City of Elberton's financial planning and control. All agencies of the City of Elberton are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review during the month of May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Elberton's fiscal year. The appropriated budget is prepared by fund, function, and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

This report includes all the funds of the City of Elberton. Following standards established by the Governmental Accounting Standards Board and others, the City of Elberton has reviewed the relationship between itself and other local agencies to determine the amount of control or dependency on the City. The procedures to determine the amount of control or dependency have been outlined in the notes in the Financial Section. As stated in the notes to the basic financial statements, the City of Elberton Housing Authority has not been included in the City's financial statements. The City has included the Downtown Development Authority in this financial report as a discretely presented component unit because that legally separate entity has a high level of financial dependency from the City, and the authority board members are appointed by the Mayor of the City and confirmed by a majority vote of the Council.

ECONOMIC CONDITION AND OUTLOOK

The City's economy continues to be based on the granite industry, which began operation in 1898. In 1951 the Elberton Granite Association, Inc., was formed to encourage cooperation between quarries and manufacturers. A total of 130 separate firms and quarries are operating businesses in granite production or its allied services in Elbert County. Approximately 1,800 persons are employed in the granite industry, with an annual payroll of $57 million. Statistics indicate that Georgia's stone industry, centered in the Elberton granite district, continues to lead the nation in total production. The financial well being of Elberton is heavily dependent on a stable granite industry.

The City's purchase of and continuing investment in the Elberton Industrial Park underscores the City's commitment to economic growth in the area. The City works closely with, and continues to assist in funding, the Chamber of Commerce and the Development Authority of Elbert County, Elberton and Bowman to attract new industry to the community. Elberton Utilities and ElbertonNET will continue to work closely with local industry to provide needed infrastructure for expansion at local plants. Elberton's Industrial Park is home to the nationally famous "Bubba Burger." All "Bubba Burgers" are made in Elberton and shipped all over the eastern seaboard and Midwestern U.S.

The Downtown Development Authority has operated the Main Street Elberton organization for over fifteen years. The City employs a full time director to manage the Main Street program and to work with businesses in the historic downtown area to plan and promote events that attract commerce to the downtown area. Main Street also recruits small businesses to occupy vacant commercial spaces in the area. Annually, Main Street Elberton is recognized as an "Accredited National Main Street Program" by the National Trust for Historic Preservation.

MAJOR EVENTS OR INITIATIVES

The City continued to provide daily services to 5,000 citizens in the City as well as over 6,100 utility accounts in the City and Elbert County. The impact the City has on this community is evident on a daily basis in the majority of homes, businesses, and organizations in the area. Following are highlights of major projects or events in fiscal year 2011.

The City of Elberton began receiving proceeds from the 2006 special purpose local option sales tax in fiscal year 2007. This special sales tax, approved by Elbert County voters, was budgeted to fund $2.9 million of capital projects over the next five years in the City of Elberton. The proceeds from the 2006 special purpose local option sales tax are scheduled to conclude in July of 2011. However, the Elbert County voters approved a 2011 special local option sales tax that is budgeted to fund $3.8 million over the next five years, and the City will begin receiving proceeds in fiscal year 2012. Several capital projects during fiscal year 2011 were funded by the 2006 sales tax including the completion of the Granite City Trail extension project and the water plant dam removal project. Other projects funded by 2006 sales taxes that were started in the fiscal year include the Jones Street sidewalk project, East Gordon and Mill Street stormwater improvement project, the Old City Quarry sewer rehabilitation project and the water treatment plant liquid hypochlorite feeding system change out project.

The divisions of Elberton Utilities initiated several projects in fiscal year 2011 that are part of long term renewal plans. The department implemented the Itron Fixed Network automated meter reading system during this fiscal year which allows the City to gather meter data remotely and access it from the office to provide hourly meter readings. The electric division began construction on the Lexington Hwy electric line rehabilitation project which will increase the longevity and reliability of the line. The natural gas division has completed the process of implementing a Geographical Information System (GIS) for the purpose of documenting the infrastructure of the natural gas system.

ElbertonNET continued the prior year expansion of its system into the western area of Elbert County in fiscal year 2011 which included the addition of two additional nodes to the existing network and a doubling in size of a third node. The department also constructed an

additional node in the Richard B. Russell state park area for service to the park. Lastly, ElbertonNET installed more headend equipment upgrades during the fiscal year to accommodate cable television upgrades, higher bandwidth needs, and Internet usage growth.

AWARDS AND ACKNOWLEDGEMENTS

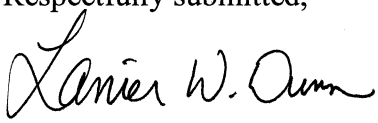
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elberton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010, for the eighth consecutive year. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

We would like to thank the Mayor and the members of the City Council for their interest and support in this report on the financial condition of the City. The Mayor and Council should also be acknowledged for their valuable contributions in the planning and conducting of the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,



Lanier W. Dunn, CPA
City Manager



Kevin Eavenson
Controller

Part II

Financial Section

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely present component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elberton, Georgia, management. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the City of Elberton, Georgia internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elberton, Georgia, basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the special local option sales tax schedule of expenditures, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements, and the special local option sales tax schedule of expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 28, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Elberton is pleased to provide this narrative discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2011. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Elberton exceeded its liabilities at the close of the fiscal year by $29.3 million (reported as "*net assets*"). Of this amount, $7.0 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $1,951,858 as a result of this year's activities.
- The City's governmental funds report combined ending fund balances of $2,191,030. Approximately 37% of this amount, $801,597, is available for spending at the City's discretion (*unassigned fund balance*), within the purposes of the funds.
- The City's proprietary funds report net assets of $23.5 million at the end of the fiscal year, an increase of $1,408,306 as a result of the current year's operations.
- The City's liabilities totaled $14.9 million on June 30, 2011. Most of these liabilities (81% or $12.1 million) consist of revenue bonds, capital leases, or interest on those obligations to finance improvements or extensions of the City's utility systems.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Elberton's basic financial statements. The City of Elberton's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* include the *statement of net assets* and the *statement of activities*. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The City's *net assets*, which is the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the City's *financial position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the *overall health* of the City.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including police, fire, infrastructure maintenance, parks and recreation, cemetery, and general administration. Taxes, grants, and interfund transfers from the utility system finance most of these activities.
- Business-type activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's utility and solid waste services are reported here.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City of Elberton uses three categories of funds: governmental funds, proprietary funds, and a fiduciary fund.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Governmental funds. Most of the City's basic *governmental activities* reported in the government-wide statements are accounted for in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between *governmental activities* (reported in the *statement of net assets* and the *statement of activities*) and *governmental funds* is described in a reconciliation following the fund financial statements. The City uses four governmental funds, of which the general fund is considered a major fund, whose basic financial statements can be found on pages 16-21 of this report.

Proprietary funds. When the City charges customers for the full or partial cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net assets* and the *statement of activities* using the accrual basis of accounting. *Enterprise funds* are a type of proprietary fund used to account for functions reported as *business-type activities* in the government-wide statements. The City uses four enterprise funds to account for separate business-type activities. The combined public utility fund and the ElbertonNET technology services fund are considered the major enterprise funds and are reported in the basic proprietary fund financial statements on pages 22-26 of this report.

Fiduciary fund. The City is a trustee, or fiduciary, for the municipal court agency fund. The City's fiduciary activity is reported in a separate Statement of Fiduciary Assets and Liabilities on page 27. This activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining financial statements for non-major funds referred to earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules (pages 17 and 19) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

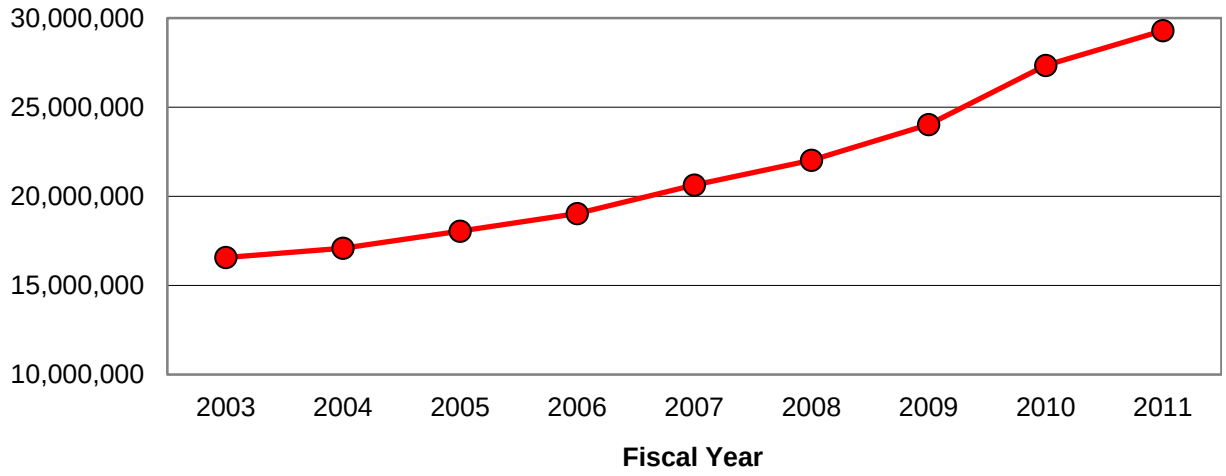
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Elberton, assets exceeded liabilities by $29,292,314 at the close of the most recent fiscal year.

City of Elberton
Net Assets as of June 30, 2011 and 2010
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	$ 2,334	$ 2,093	$ 10,253	$ 9,186	$ 12,587	$ 11,279
Net Capital Assets	4,146	3,942	27,421	28,455	31,567	32,397
Total Assets	6,480	6,035	37,674	37,641	44,154	43,676
Long-term Liabilities	362	378	10,540	11,919	10,902	12,297
Other Liabilities	282	364	3,678	3,675	3,960	4,039
Total Liabilities	644	742	14,218	15,594	14,862	16,336
Invested in Capital Assets, net of related debt	4,139	3,924	15,555	15,483	19,694	19,407
Restricted Net Assets	1,215	852	1,383	284	2,598	1,136
Unrestricted Net Assets	483	517	6,517	6,280	7,000	6,797
Total Net Assets	$ 5,837	$ 5,293	$ 23,455	$ 22,047	$ 29,292	$ 27,340

Total Net Asset Balances – Nine Fiscal Years



The largest portion of the City's net assets (67%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets totaling $2,597,601 are constrained by legal requirements and are not available for day-to-day operations of the City. The remaining balance of *unrestricted net assets* ($7,000,342) may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net assets from business-type activities was $6,516,711 at the end of the fiscal year. The portion of unrestricted net assets resulting from the City's governmental activities was $483,631 at the close of the fiscal year.

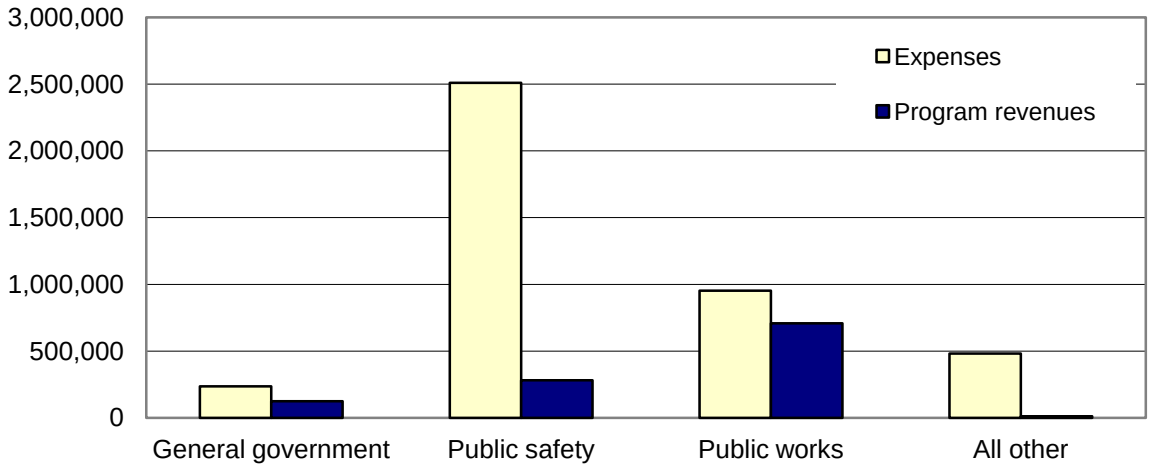
The City's net assets increased by $1,951,858 during the current fiscal year. Governmental activities resulted in an increase in net assets of $543,552, while business-type activities resulted in an increase of net assets of $1,408,306. The following table was derived from the government-wide Statement of Activities and reflects how the City's net assets changed during the fiscal year.

City of Elberton
Changes in Net Assets for the Fiscal Years ended June 30, 2011 and 2010
(in Thousands)

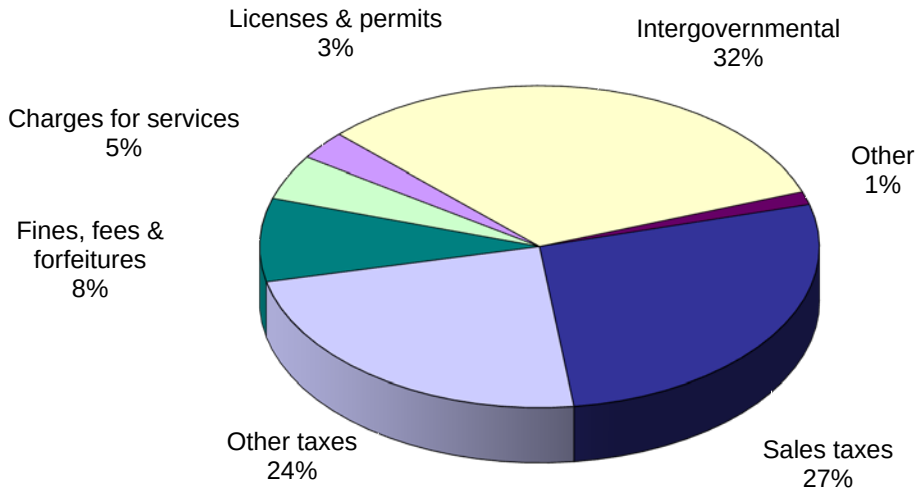
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	$ 368	$ 406	$ 26,033	$ 25,973	$ 26,401	$ 26,379
Operating Grants and Contributions	44	100	0	0	44	100
Capital Grants and Contributions	715	22	39	11	754	33
General Revenues:						
Taxes	1,252	1,992	0	0	1,252	1,992
Interest and Investment Earnings	2	4	34	67	36	71
Miscellaneous	28	19	27	31	55	50
Total Revenues	2,409	2,543	26,133	26,082	28,542	28,625
Expenses:						
General Government	237	319	0	0	237	319
Judicial	100	102	0	0	100	102
Public Safety	2,509	2,442	0	0	2,509	2,442
Public Works	953	953	0	0	953	953
Health and Welfare	12	10	0	0	12	10
Culture and Recreation	164	161	0	0	164	161
Housing and Development	205	247	0	0	205	247
Interest on long-term debt	1	3	0	0	1	3
Combined Public Utilities	0	0	18,648	18,022	18,648	18,022
ElbertonNET Technology Services	0	0	2,490	2,215	2,490	2,215
Industrial Park	0	0	459	7	459	7
Solid Waste	0	0	812	827	812	827
Total Expenses	4,181	4,237	22,409	21,071	26,590	25,308
Increase (Dec) in Net Assets Before Transfers	(1,772)	(1,694)	3,724	5,011	1,953	3,317
Transfers	2,315	1,874	(2,315)	(1,874)	0	0
Change in Net Assets	544	180	1,409	3,137	1,953	3,317
Net Assets - July 1	5,293	5,113	22,047	18,910	27,340	24,023
Net Assets - June 30	$ 5,837	$ 5,293	$ 23,456	$ 22,047	$ 29,293	$ 27,340

Governmental Activities. Governmental activities increased the net assets of the City by $543,552. Revenues for the City's governmental activities decreased by 5.3% ($134,034) under fiscal year 2010. Expenses for governmental activities decreased by 1.3% ($56,661) during fiscal year 2011.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



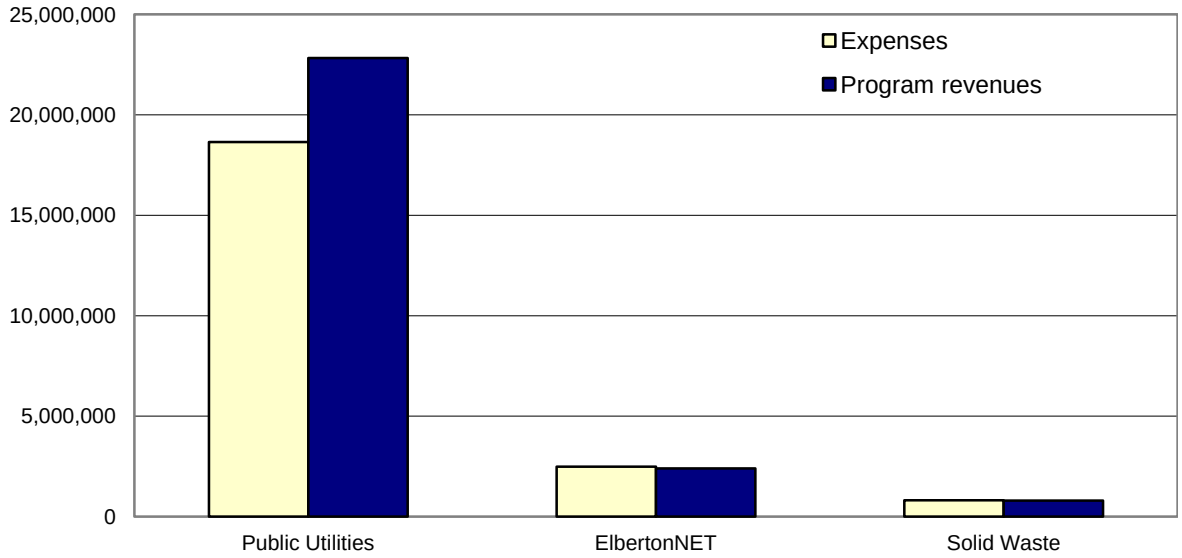
Business-type activities. Business-type activities increased the City's net assets by $1,408,306. Key elements of this increase are as follows:

- Sales for business-type activities were $26.1 million, which was an increase of $64,225 over the prior fiscal year sales.
- Sales in the combined public utility fund for electric, water, sewer, and natural gas services decreased by $388,760 or 1.7% over last fiscal year. Electric sales increased 1.0%, natural gas sales declined by 9.8%, and water/sewer sales declined by 2.7%. Natural gas sales decreased due to an 11% decrease in units sold compared to the previous year. This decline

was primarily due to a decrease in consumption during a curtailment period at Pilgrim's Pride, the top gas customer of the City. The company experienced two separate reductions in production, one due to a fire at the facility and one due to planned equipment change-out.

- Income in the combined public utility fund before transfers to the general fund was $4.3 million, or 18.5% lower than last year's income of $5.3 million.
- The ElbertonNET technology services enterprise fund experienced sales of $2,401,396, an increase of 22.7% over the prior year sales of $1,956,461. This was primarily due to the increase in the customer base from the 2010 system expansion project.
- Solid waste operations increased sales by $8,050, a 1.0% increase from last fiscal year.

Expenses and Program Revenues – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

As noted earlier, the City of Elberton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

Governmental funds. The City uses governmental funds to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City of Elberton uses four governmental funds: the general fund, the 2006 special purpose local option sales tax (SPLOST) capital projects fund, the hotel/motel tax special revenue fund, and the revolving loan special revenue fund.

At the end of the current fiscal year, the City's general fund reported an ending fund balance of $972,507, a decrease of $36,885 or 3.7% in comparison with the prior year. Approximately 82% of this amount ($801,597) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either (a) *nonspendable* to indicate that these amounts cannot be spent because they are either not in a spendable form such as inventory and prepaid insurance, (b) are legally or contractually *restricted* for a particular purpose such as special purpose sales tax proceeds, or (c) are *assigned* for a particular purpose or project by management.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.7% of total general fund expenditures for the current fiscal year.

As in previous fiscal years, the City of Elberton levied no property tax to finance current operations. Therefore, the City's general fund relied heavily on operating transfers from the proprietary funds (or business-type activities) to finance the governmental activities of the City such as public safety and public works. The transfer from the combined public utility enterprise fund was $2,253,500, which is $1,515 less than the transfer in fiscal year 2010.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The change in net assets in the proprietary funds is depicted in the following table. Factors concerning the performance of the proprietary funds have already been addressed in the discussion of the City of Elberton's business-type activities.

City of Elberton Proprietary Funds
Net Assets as of June 30, 2011

	Combined Public Utility System	ElbertonNET Tech Services	Solid Waste	Industrial Park	Total
Operating Revenues	$ 22,856,132	$ 2,401,396	$ 801,319	0	$ 26,058,847
Operating Expenses	18,194,895	2,311,850	811,062	9,399	21,327,206
Operating income (loss)	4,661,237	89,546	(9,743)	(9,399)	4,731,641
Non-operating income (loss)	(335,858)	(176,824)	(1,212)	(450,000)	(963,894)
Transfers in (out)	(2,538,484)	400,000	0	(220,957)	(2,359,441)
Change in net assets	1,786,895	312,722	(10,955)	(680,356)	1,408,306
Net Assets, July 1	22,820,526	(1,649,764)	196,267	680,356	22,047,385
Net Assets, June 30	$ 24,607,421	$ (1,337,042)	$ 185,312	$ -	$ 23,455,691

GENERAL FUND BUDGETARY HIGHLIGHTS

There were two budget amendments approved during the fiscal year to account for revenues and expenditures that were not planned in the original budget. Total appropriations increased by $105,758 between the original budget and the final amended budget and are briefly summarized as follows:

- $10,000 increase to police department administration for the recognition of a private contribution
- $95,758 increase to City Hall maintenance to account for the Electric Cities of Georgia solar energy grant and the GEFA energy efficiency block grant

General fund revenues ended the year at 14%, or $397,918, below budget. However, expenditures in the general fund were $341,652, or 7%, under budget for the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Elberton's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to $31,566,606 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distribution systems for electricity, natural gas, water, sewer, and broadband services. This total also includes $377,692 in intangible assets, primarily for the City's raw water storage rights at Lake Richard B. Russell. More detailed information about the city's capital assets is presented in the notes to the basic financial statements.

During the fiscal year, the City invested $1,736,620 in new capital assets. Investment for business-type activities totaled $1,359,512 while $377,108 was for governmental activities. Major capital asset events during the current fiscal year included the following:

Governmental Activities - $377,108 total

- $83,748 to purchase four vehicles for general government, the police department, animal control, and motor pool
- $28,677 to purchase six new in-car video systems for the police department
- $6,213 for the installation of three roll up doors at the motor pool
- $19,094 to begin construction of the Jones Street sidewalk project
- $53,591 to begin construction of stormwater improvements at East Gordon and Mill Streets
- $71,995 for construction of the Granite City Trail extension project
- $27,534 for construction of the Carey Street playground
- $86,256 for the installation of energy efficiency improvements at City Hall funded in part by grants including the replacement of the HVAC systems and the installation of solar panels

Business-type Activities – $1,359,512 total

- $86,027 for natural gas system improvements and extensions to serve new customers including several poultry farms, and for replacement meters
- $57,148 for the purchase of equipment and software for the Geographical Information System (GIS) for the gas department funded in part by a grant
- $43,995 for the purchase of two new trucks for the gas department
- $145,925 for water and sewer systems improvement projects
- $346,499 for construction on electric system improvement and rehabilitation projects
- $39,310 for improvements to the Elberton Utilities building and complex
- $113,746 for the purchase of collectors, repeaters, servers, and software for the Itron Fixed Network automated meter reading project
- $11,660 for the purchase of a bill folding machine in the customer service department
- $21,691 to purchase a new pickup truck for the electric department
- $419,011 for the ElbertonNET expansion projects plus improvements to the headend to support the addition of HD channels and to replace the video controller for Channel 9
- $74,500 for the purchase of a new bucket truck for ElbertonNET

Additional information on the City's capital assets can be found in Note 8 on pages 46-47 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of $8,535,000. This entire amount was for the Series 2001 Combined Public Utility System Revenue Bonds secured solely by the specified revenue sources of the water and sewer, electric, and natural gas systems. There was no outstanding general obligation debt backed by the full faith and credit of the City.

In addition to revenue bonds, the City has entered into several capital lease-purchase agreements to finance the construction of a broadband and cable television distribution system and to purchase vehicles. The balance of these leases at June 30, 2011 was $3,336,798.

Other long-term obligations of the City include accrued vacation pay and contractual liability for the Elberton-Elbert County landfill post-closure care. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

Additional information on the City's long-term debt can be found in Note 10 on pages 49-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The national and state economy did not improve in fiscal year 2011 over the prior year as indicated by a 5% decline in sales tax revenues during 2011. The local unemployment rate increased to 14.6% in 2011 from 12.4% in 2010.

During 2011 the City's utility system did not experience any losses of its top customers. However, the City's top utility customer, Pilgrim's Pride, did experience some down time during 2011 due to the changing out of equipment and upgrading of production lines. During fiscal year 2011 the City added a new customer to the Elberton Industrial Park which became the third largest electric customer. Additionally, the City anticipates adding another commercial customer in fiscal year 2012 who will locate its U.S. headquarters and production facility in the Elberton Industrial Park.

Lack of economic growth in the area continues to affect the operations of the City. Stagnant population growth and slow real growth in utility sales are two key economic indicators that underscore the difficulty in maintaining the City's current level of service. The City's annual budget has been approximately the same amount for four fiscal periods including fiscal year 2011 and the new fiscal year 2012.

The overall City budget for FY2012 decreased by less than one percent under fiscal year 2011. No fee increases were included for the general fund, and utility rate structures remained the same as the prior year.

Other than certain capital grant revenues and expenditures that might be included, the overall policy of next year's budget will remain the same as this year. Property taxes will not be levied, and the general fund will operate on transfers from business-type operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Elberton's finances for all of its citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Manager, Post Office Box 70, 203 Elbert Street, Elberton, Georgia 30635-0070.

BASIC FINANCIAL STATEMENTS

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	$ 1,415,665	$ 651,481	$ 2,067,146	$ 5,547
Certificates of deposit	0	526,278	526,278	0
Investments	0	3,705,769	3,705,769	0
Restricted assets				
Cash	50	511,640	511,690	0
Investments	0	1,707,957	1,707,957	0
Receivables (net)				
Accounts	14,231	2,361,236	2,375,467	0
Taxes	4,068	0	4,068	0
Intergovernmental	201,086	0	201,086	0
Interest	0	3,250	3,250	0
Notes	97,000	0	97,000	0
Prepaid items	135,879	10,488	146,367	349
Inventories	34,981	522,424	557,405	0
Internal balances	(16,501)	16,501	0	0
Other current assets	0	29,502	29,502	0
Total current assets	1,886,459	10,046,526	11,932,985	5,896
Noncurrent assets				
Notes receivable	448,000	0	448,000	0
Capital assets				
Non-depreciable	649,746	788,187	1,437,933	40,000
Depreciable (net)	3,496,090	26,632,583	30,128,673	704,471
Other assets	0	206,155	206,155	0
Total noncurrent assets	4,593,836	27,626,925	32,220,761	744,471
Total assets	6,480,295	37,673,451	44,153,746	750,367
LIABILITIES				
Current liabilities				
Payables				
Accounts	53,674	1,200,792	1,254,466	1,400
Intergovernmental	0	16,048	16,048	0
Sales tax	0	85,584	85,584	0
Interest	0	5,771	5,771	0
Accrued salaries and expenses	68,005	17,263	85,268	0
Compensated absences	131,071	116,858	247,929	0
Customer deposits payable	0	3,645	3,645	0
Other current liabilities	21,750	20,330	42,080	0
Notes payable	0	0	0	112,189
Capital lease payable	7,300	769,861	777,161	0
Liabilities payable from restricted assets				
Customer deposits payable	0	625,808	625,808	0
Interest payable	0	210,644	210,644	0
Bonds payable	0	605,000	605,000	0
Total current liabilities	281,800	3,677,604	3,959,404	113,589

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	$ 56,173	$ 50,082	$ 106,255	$ 0
Contractual liability	305,699	0	305,699	0
Notes payable	0	0	0	653,477
Capital lease payable	0	2,560,074	2,560,074	0
Bonds payable	0	7,930,000	7,930,000	0
Total noncurrent liabilities	361,872	10,540,156	10,902,028	653,477
Total liabilities	643,672	14,217,760	14,861,432	767,066
NET ASSETS				
Invested in capital assets, net of related debt	4,138,536	15,555,835	19,694,371	(21,195)
Restricted for:				
Debt service	0	300,996	300,996	0
MEAG Generation Trust	0	1,082,149	1,082,149	
Housing and development	480,000	0	480,000	0
Capital outlay	734,456	0	734,456	0
Unrestricted	483,631	6,516,711	7,000,342	4,496
Total net assets	$ 5,836,623	$ 23,455,691	$ 29,292,314	$ (16,699)

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 236,654	$ 55,109	$ 0	$ 69,501	$ (112,044)
Judicial	99,901	0	0	0	(99,901)
Public Safety	2,509,964	227,569	44,386	70,622	(2,167,387)
Public Works	952,793	72,514	0	574,668	(305,611)
Health and Welfare	11,900	0	0	0	(11,900)
Culture and Recreation	163,831	0	0	0	(163,831)
Housing and Development	205,442	12,393	0	0	(193,049)
Interest on long-term debt	437	0	0	0	(437)
Total governmental activities	4,180,922	367,585	44,386	714,791	(3,054,160)
Business-type activities					
Combined Public Utilities					
Electric	12,430,735	15,721,112	0	0	3,290,377
Water and Sewer	2,944,487	2,778,123	0	0	(166,364)
Natural Gas	3,272,078	4,331,615	0	38,833	1,098,370
ElbertonNET Technology Services	2,490,005	2,401,396	0	0	(88,609)
Industrial Park	459,399	0	0	0	(459,399)
Solid Waste	812,297	801,319	0	0	(10,978)
Total business-type activities	22,409,001	26,033,565	0	38,833	3,663,397
Total primary government	26,589,923	26,401,150	44,386	753,624	609,237
Component Unit					
Downtown Development Authority	128,612	13,455	0	0	(115,157)

	Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (3,054,160)	$ 3,663,397	$ 609,237	$ (115,157)
General revenues				
Taxes				
Sales	633,998	0	633,998	0
Franchise	84,338	0	84,338	0
Occupational	73,352	0	73,352	0
Insurance premium	255,324	0	255,324	0
Alcoholic beverage	143,118	0	143,118	0
Hotel/Motel	58,650	0	58,650	0
Other	3,160	0	3,160	0
Interest and investment earnings	2,500	33,603	36,103	0
Payments from City of Elberton	0	0	0	62,410
Gain on sale of assets	10,123	1,220	11,343	0
Miscellaneous	17,953	25,282	43,235	30,964
Transfers	2,315,196	(2,315,196)	0	0
Total general revenues and transfers	3,597,712	(2,255,091)	1,342,621	93,374
Change in net assets	543,552	1,408,306	1,951,858	(21,783)
Net assets - beginning	5,293,071	22,047,385	27,340,456	5,084
Net assets - ending	$ 5,836,623	$ 23,455,691	$ 29,292,314	$ (16,699)

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash	$ 776,046	$ 639,619	$ 1,415,665
Restricted assets			
Cash	50	0	50
Receivables (net)			
Accounts	14,231	0	14,231
Taxes	0	4,068	4,068
Intergovernmental	102,517	98,569	201,086
Notes	65,000	480,000	545,000
Prepaid items	135,879	0	135,879
Inventory, at cost	34,981	0	34,981
Total assets	$ 1,128,704	$ 1,222,256	$ 2,350,960
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 49,941	$ 3,733	$ 53,674
Accrued salaries and payroll liabilities	68,005	0	68,005
Due to other funds	16,501	0	16,501
Other liabilities	21,750	0	21,750
Total liabilities	156,197	3,733	159,930
Fund balances			
Nonspendable:			
Inventory	34,981	0	34,981
Prepaid items	135,879	0	135,879
Noncurrent notes receivable	0	448,000	448,000
Restricted for:			
Public safety	50	0	50
Economic development	0	32,000	32,000
Capital projects	0	734,455	734,455
Assigned for tourism	0	4,068	4,068
Unassigned	801,597	0	801,597
Total fund balances	972,507	1,218,523	2,191,030
Total liabilities and fund balances	$ 1,128,704	$ 1,222,256	$ 2,350,960

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance - total governmental funds	$	2,191,030
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $7,979,899, net of accumulated depreciation of ($3,834063), are not financial resources and, therefore, are not reported in the funds.		4,145,836
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include contractual liabilities of ($305,699), capital leases of ($7,300), and compensated absences of ($187,244)		(500,243)
Net assets of governmental activities	$	5,836,623

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	General	Nonmajor Governmental Funds	Totals
REVENUES			
Taxes	$ 1,193,290	$ 58,651	$ 1,251,941
Licenses and permits	67,553	0	67,553
Fines, fees and forfeitures	195,234	0	195,234
Charges for services	853,456	0	853,456
Intergovernmental	113,742	634,095	747,837
Interest	2,500	1,195	3,695
Other	28,097	0	28,097
Total revenues	2,453,872	693,941	3,147,813
EXPENDITURES			
Current			
General Government	872,270	0	872,270
Judicial	100,857	0	100,857
Public Safety	2,390,993	0	2,390,993
Public Works	1,091,821	0	1,091,821
Health and Welfare	11,900	0	11,900
Culture and Recreation	139,290	0	139,290
Housing and Development	172,155	23,800	195,955
Debt service	11,087	0	11,087
Capital outlay	0	152,138	152,138
Total expenditures	4,790,373	175,938	4,966,311
Excess (deficiency) of revenues over (under) expenditures	(2,336,501)	518,003	(1,818,498)
Other financing sources (uses)			
Transfers in	2,289,493	0	2,289,493
Transfers out	0	(151,009)	(151,009)
Sale of capital assets	10,123	0	10,123
Total other financing sources (uses)	2,299,616	(151,009)	2,148,607
Net change in fund balance	(36,885)	366,994	330,109
Fund balances, July 1	1,009,392	851,529	1,860,921
Fund balances, June 30	$ 972,507	$ 1,218,523	$ 2,191,030

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

Net change in fund balances - total governmental funds	$	330,109
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 and reported as depreciation expense. This is the amount by which capital outlays of $355,144 exceeded depreciation of ($328.193) in the current period.		26,951
Contributions of capital assets from proprietary funds of $176,712 increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.		176,712
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of $10,650 exceeded proceeds of ($0).		10,650
Payments of contractual liabilities are an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statements of net assets.		13,350
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change of ($14,220) in compensated absences.		(14,220)
Change in net assets of governmental activities	$	543,552

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,303,150	$ 1,303,150	$ 1,193,290	$ (109,860)
Licenses and permits	105,500	105,500	67,553	(37,947)
Fines, fees and forfeitures	224,200	222,600	195,234	(27,366)
Charges for services	863,158	853,158	853,456	298
Intergovernmental	227,524	323,282	113,742	(209,540)
Interest	5,000	5,000	2,500	(2,500)
Other	7,500	39,100	28,097	(11,003)
Total revenues	2,736,032	2,851,790	2,453,872	(397,918)
EXPENDITURES				
Current				
General Government				
Mayor and Council	172,312	172,312	168,403	3,909
City Manager's Office	162,770	162,770	156,605	6,165
Finance	292,076	292,076	288,169	3,907
Human Resources	43,444	43,444	40,206	3,238
City Clerk	42,847	42,847	39,449	3,398
City Attorney	26,104	26,104	18,074	8,030
City Hall Maintenance	85,500	181,258	161,364	19,894
Judicial				
Municipal Court	108,080	108,080	100,857	7,223
Public Safety				
Police - Administration	328,164	336,959	334,438	2,521
Police - Uniform Division	895,792	895,792	893,153	2,639
Police - Criminal Investigations	122,003	122,003	120,536	1,467
Police - Community Relations	57,744	57,744	54,799	2,945
Police - Detention	53,000	54,205	54,203	2
Fire	907,873	907,873	862,388	45,485
Animal Control	74,846	74,846	71,476	3,370
Public Works				
Administrative	127,419	136,024	137,425	(1,401)
Infrastructure Construction	200,000	194,845	8,847	185,998
Infrastructure Maintenance	332,553	327,819	326,738	1,081
Parks and Rights-of-Way	94,250	105,294	105,290	4
Motor Pool	299,835	304,685	304,664	21
Street Lighting	29,968	11,468	11,384	84
Street Sweeper	39,429	39,914	39,909	5
Cemetery	154,165	157,570	157,564	6
Health and Welfare				
Agency allocations	11,900	11,900	11,900	0
Culture and Recreation				
Elbert Theatre	78,357	78,357	71,790	6,567
Agency allocations	67,500	67,500	67,500	0
Housing and Development				
Zoning/Special Projects	66,271	66,271	60,854	5,417
Code Enforcement	78,213	78,213	48,892	29,321
Economic Development	62,764	62,764	62,409	355
Total current	5,015,179	5,120,937	4,779,286	341,651

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

	Budget			Variance with Final
	Original	Final	Actual	Budget
Expenditures - continued				
Debt service				
Public Safety				
Police - Administration	$ 11,088	$ 11,088	$ 11,087	$ 1
Total expenditures	5,026,267	5,132,025	4,790,373	341,652
Excess (deficiency) of revenues over (under) expenditures	(2,290,235)	(2,280,235)	(2,336,501)	(56,266)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,286,500	2,286,500	2,289,493	2,993
Sales of capital assets	10,000	0	10,123	10,123
Contingency	(6,265)	(6,265)	0	6,265
Total other financing sources (uses)	2,290,235	2,280,235	2,299,616	19,381
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(36,885)	(36,885)
Fund balances, July 1	0	0	1,009,392	1,009,392
Fund balances, June 30	$ 0	$ 0	$ 972,507	$ 972,507

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
ASSETS				
Current assets				
Cash	$ 651,481	$ 0	$ 0	$ 651,481
Certificates of deposit	526,278	0	0	526,278
Investments	3,705,769	0	0	3,705,769
Restricted assets				
Cash	511,640	0	0	511,640
Investments	1,707,957	0	0	1,707,957
Receivables (net)				
Accounts	2,013,997	272,807	74,432	2,361,236
Interest	3,250	0	0	3,250
Prepaid items	0	10,488	0	10,488
Inventories	422,020	100,404	0	522,424
Due from other funds	16,501	0	10,811	27,312
Other current assets	29,502	0	0	29,502
Total current assets	9,588,395	383,699	85,243	10,057,337
Noncurrent assets				
Capital assets				
Non-depreciable	760,352	13,435	14,400	788,187
Depreciable (net)	20,617,019	5,872,516	143,048	26,632,583
Other assets				
Bond issuance costs (net)	185,755	20,400	0	206,155
Advances to other funds	4,194,833	0	0	4,194,833
Total noncurrent assets	25,757,959	5,906,351	157,448	31,821,758
Total assets	35,346,354	6,290,050	242,691	41,879,095
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,105,545	74,143	21,104	1,200,792
Intergovernmental	0	16,048	0	16,048
Sales tax	85,584	0	0	85,584
Interest	0	5,741	30	5,771
Accrued salaries	10,381	2,049	4,833	17,263
Compensated absences	94,381	15,405	7,072	116,858
Customer deposits payable	0	3,645	0	3,645
Other current liabilities	20,330	0	0	20,330
Due to other funds	10,811	0	0	10,811
Capital leases payable	0	748,552	21,309	769,861
Liabilities payable from restricted assets:				
Customer deposits payable	625,808	0	0	625,808
Interest payable	210,644	0	0	210,644
Bonds payable	605,000	0	0	605,000
Total current liabilities	2,768,484	865,583	54,348	3,688,415

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Total Proprietary Funds
Noncurrent liabilities				
Compensated absences	$ 40,449	$ 6,602	$ 3,031	$ 50,082
Advances from other funds	0	4,194,833	0	4,194,833
Bonds payable	7,930,000	0	0	7,930,000
Capital lease payable	0	2,560,074	0	2,560,074
Total noncurrent liabilities	7,970,449	6,761,509	3,031	14,734,989
Total liabilities	10,738,933	7,627,092	57,379	18,423,404
NET ASSETS				
Invested in capital assets, net of related debt	12,842,371	2,577,325	136,139	15,555,835
Restricted for:				
Debt service	300,996	0	0	300,996
MEAG Generation Trust	1,082,149	0	0	1,082,149
Unrestricted	10,381,905	(3,914,367)	49,173	6,516,711
Total net assets	$ 24,607,421	$ (1,337,042)	$ 185,312	$ 23,455,691

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Charges for sales and services	$ 22,830,850	$ 2,401,396	$ 801,319	$ 26,033,565
Miscellaneous revenues	25,282	0	0	25,282
Total operating revenues	22,856,132	2,401,396	801,319	26,058,847
OPERATING EXPENSES				
Costs of sales and services	14,663,612	1,743,433	381,616	16,788,661
Personal services	2,283,786	297,732	376,586	2,958,104
Depreciation	1,165,449	261,405	58,869	1,485,723
Other	82,048	9,280	3,390	94,718
Total operating expenses	18,194,895	2,311,850	820,461	21,327,206
Operating income (loss)	4,661,237	89,546	(19,142)	4,731,641
Non-operating revenues (expenses)				
Interest revenue	33,469	111	23	33,603
Interest expense	(434,714)	(5,829)	(1,235)	(441,778)
Amortization	(17,691)	(172,326)	0	(190,017)
Distributions to other agencies	0	0	(450,000)	(450,000)
Gain (loss) on sales of capital assets	0	1,220	0	1,220
Total non-operating revenues (expenses)	(418,936)	(176,824)	(451,212)	(1,046,972)
Net income (loss) before capital contributions and transfers	4,242,301	(87,278)	(470,354)	3,684,669
Capital contributions				
Intergovernmental	83,078	0	0	83,078
Net income (loss) before transfers	4,325,379	(87,278)	(470,354)	3,767,747
Transfers in (out)				
Transfers in	115,016	400,000	0	515,016
Transfers out	(2,653,500)	0	(220,957)	(2,874,457)
Total transfers	(2,538,484)	400,000	(220,957)	(2,359,441)
Change in net assets	1,786,895	312,722	(691,311)	1,408,306
Net assets, July 1	22,820,526	(1,649,764)	876,623	22,047,385
Net assets, June 30	$ 24,607,421	$ (1,337,042)	$ 185,312	$ 23,455,691

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:				
Receipts from customers	$ 22,817,296	$ 2,376,948	$ 792,860	$ 25,987,104
Payments to suppliers	(14,668,602)	(1,750,499)	(381,780)	(16,800,881)
Payments to employees	(2,319,685)	(300,713)	(381,114)	(3,001,512)
Other receipts	25,282	0	0	25,282
Other payments	(82,048)	(9,280)	(3,390)	(94,718)
Net cash provided (used) by operating activities	5,772,243	316,456	26,576	6,115,275
Cash flows from non-capital financing activities:				
Receipts from other governments	12,500	0	0	12,500
Receipts from other funds	0	731,886	0	731,886
Payments to other funds	(3,496,087)	0	(3,597)	(3,499,684)
Net cash provided (used) by non-capital financing activities	(3,483,587)	731,886	(3,597)	(2,755,298)
Cash flows from capital and related financing activities:				
Sale of assets	0	1,220	0	1,220
Receipts from other governments	38,833	0	0	38,833
Receipts from other funds	115,016	0	0	115,016
Interest paid	(446,789)	(173,756)	(1,277)	(621,822)
Payment of capital related accounts payable	(10,330)	(17,892)	0	(28,222)
Acquisition of capital assets	(706,412)	(356,860)	0	(1,063,272)
Principal payments - bonds	(575,000)	0	0	(575,000)
Principal payments - capital leases	0	(721,748)	(31,088)	(752,836)
Net cash provided (used) by capital and related financing activities	(1,584,682)	(1,269,036)	(32,365)	(2,886,083)
Cash flows from investing activities:				
Interest received	34,968	111	23	35,102
Proceeds from sale of investments	1,201,639	0	0	1,201,639
Purchase of investments	(2,154,662)	0	0	(2,154,662)
Net cash provided (used) by investing activities	(918,055)	111	23	(917,921)
Net increase (decrease) in cash	(214,081)	(220,583)	(9,363)	(444,027)
Cash, July 1	1,377,202	220,583	9,363	1,607,148
Cash, June 30	$ 1,163,121	$ 0	$ 0	$ 1,163,121

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 4,661,237	$ 89,546	$ (19,142)	$ 4,731,641
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,165,449	261,405	58,869	1,485,723
(Increase) decrease in accounts receivable	(17,699)	(23,688)	(8,459)	(49,846)
(Increase) decrease in inventories	(31,886)	12,669	0	(19,217)
(Increase) decrease in prepaid items	0	(10,488)	0	(10,488)
(Increase) decrease in other current assets	(1,588)	0	0	(1,588)
Increase (decrease) in accounts payable	28,484	(13,543)	(164)	14,777
Increase (decrease) in intergovernmental payable	0	4,296	0	4,296
Increase (decrease) in sales tax payable	(7,163)	0	0	(7,163)
Increase (decrease) in accrued liabilities	(36,629)	0	0	(36,629)
Increase (decrease) in accrued salaries	(49,783)	(6,410)	(4,354)	(60,547)
Increase (decrease) in compensated absences payable	13,884	3,429	(174)	17,139
Increase (decrease) in deposits payable	47,937	(760)	0	47,177
Total adjustments	1,111,006	226,910	45,718	1,383,634
Net cash provided (used) by operating activities	$ 5,772,243	$ 316,456	$ 26,576	$ 6,115,275
Cash reconciliation:				
Cash	$ 651,481	$ 0	$ 0	$ 651,481
Restricted assets				
Cash	511,640	0	0	511,640
Total cash	$ 1,163,121	$ 0	$ 0	$ 1,163,121

Noncash investing, capital, and financing activities:

Contributions of capital assets from government totaled $44,245 for the fiscal year ended June 30, 2011.
Distributions of capital assets to local agencies totaled $450,000 for the fiscal year ended June 30, 2011.
Distributions of capital assets to government totaled $220,957 for the fiscal year ended June 30, 2011.
Acquisition of capital assets through accounts payable totaled $14,572 for the fiscal year ended June 30, 2011.

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

	Municipal Court Agency Fund
ASSETS	
Cash	$ 3,360
Accounts receivable (net)	96,084
Total assets	$ 99,444
LIABILITIES	
Due to other agencies	$ 99,444

See accompanying notes to the financial statements.

1. Description of Government Unit

The City of Elberton was incorporated under the laws of the State of Georgia in 1803 and operates under an elected Mayor-Council form of government. The City provides a full range of governmental services, including public safety, highways and streets, public improvements, recreation, planning and zoning, and general administrative services, as well as electric, water and sewerage, natural gas, telecommunications, and sanitation services provided through enterprise funds.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the City of Elberton, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Elberton (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Elberton Downtown Development Authority

The Elberton Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Elberton. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, accounting, payroll, etc. The Authority is included in the reporting entity due to the nature and significance of its relationship with the City of Elberton.

The Elberton Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit" (See Exhibit H). The Elberton Downtown Development Authority has a June 30th year-end. Individual financial statements may be obtained by contacting the Elberton Downtown Development Authority, PO Box 70, Elberton, GA 30635.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The types of transaction reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The City reports the following major governmental fund:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Combined Public Utility System Enterprise Fund - This fund is used to account for activities connected with the development, operation, and maintenance of the City's Electric, Water and Sewer, and Natural Gas Systems pursuant to requirements of the revenue bond ordinance.

ElbertonNET Technology Services Enterprise Fund - This fund is used to account for the activities connected with the development, operation, and maintenance of the City's cable television, high-speed Internet, Voice-over-Internet Protocol phone, and fiber optic-based telecommunications services.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Types (continued)

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types

Agency Funds - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has the Municipal Court Agency Fund.

Component Units

The Elberton Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utilities functions and the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The City Council adopts an annual operating budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

In mid April each year, the departments submit their budget requests to the Finance Director. The Finance Department compiles a complete citywide budget and submits the proposed budget to the City Manager for review. Meetings are held between the City Manager, Finance Director, and department heads in May to review the proposed budget. City ordinance requires the City Manager to submit the proposed budget to the City Council forty days prior to the beginning of the next fiscal year. The proposed budget is made available to the public for review during this period. During June, the Mayor and Council conduct two public hearings to discuss the proposed budget and to obtain input from the citizens of the City of Elberton. These hearings are publicized in the local newspaper at least one week before each hearing. The final proposed budget is then adopted by the City Council on or before June 30 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. All operating budget transfers between departments must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end. The City does not use the encumbrance system of accounting.

2. Summary of Significant Accounting Policies (continued)

F. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

G. Property Taxes

Amounts received from the local option sales tax which are required to be used to roll back property taxes exceeded the City's normal tax levy resulting in no property tax levy during fiscal year 2011.

H. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

I. Inventories

Inventories for the General Fund are valued at average cost and recorded as expenditures when consumed. Inventories of the Combined Public Utility System Enterprise Fund are valued at cost on the first-in, first-out method.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

2. Summary of Significant Accounting Policies (continued)

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The City has elected not to report general infrastructure assets placed into service prior to July 1, 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	**Capitalization Threshold**
Utility distribution system	10 to 50	$ 10,000 – 20,000
Land improvements	5 to 50	10,000
Buildings	30 to 50	10,000
Equipment	2 to 10	5,000
Vehicles	5 to 10	5,000
Infrastructure	10 to 50	10,000 – 30,000

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

L. Restricted Assets and Restricted Net Assets

Restricted assets for bond redemption of the Combined Utility System Enterprise Fund represent resources set aside for the repayment of revenue bonds outstanding. The assets are maintained in a separate bank account and their use is limited by application of bond covenants. Restricted assets for the MEAG Generation Trust represent resources held in separate investment accounts for future MEAG construction projects. See Note 3 for further discussion.

Restricted net assets are equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

M. Fund Balances – Governmental Funds

The City of Elberton implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Elberton's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number, title, and date of original adoption. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 90 days of fiscal year-end.

2. Summary of Significant Accounting Policies (continued)

M. Fund Balances – Governmental Funds, continued

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

N. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

2. Summary of Significant Accounting Policies (continued)

O. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

P. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

Q. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2010 amounts have been reclassified to conform with the 2011 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City investment policies require that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City's investment policies place no limits on the maximum maturity of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's investment policies authorize investment in the following securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, and pooled investment programs of the State of Georgia. The City's policies do not establish a minimum credit rating for investments. Investments are reported at fair value.

Concentration of Credit Risk

City's policies place no limits on the amount the may invest in any one issuer, but require that the investment portfolio be diversified.

Foreign Currency Risk

The City's investment policies do not allow for investments denominated in a foreign currency.

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

3. Deposit and Investment Risk (continued)

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAAm by Standard & Poor's. The weighted average maturity at June 30, 2011 was 46 days. At June 30, 2011, the City's balance in Georgia Fund 1 was $787,677.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Account or Generation Trust Account fund in lieu of receiving a refund. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust account is used to offset the City's share of future MEAG generation projects.

The Municipal Competitive Trust accounts are held in the Intermediate and Short-term Portfolios; these portfolios are not rated. At June 30, 2011, the average weighted maturity of the Intermediate and Short-term Portfolios were 20.5 and 3.0 months, respectively. At June 30, 2011, the City's balances in the Voluntary Flexible Operating Accounts were $4,331,578, and in the Generation Trust Account was $1,082,149.

4. Accounts Receivable

Net accounts receivable at June 30, 2011 consist of the following:

Major Funds		
General Fund	$ 22,231	
Less: Allowance for Uncollectibles	(8,000)	$ 14,231
Enterprise funds		
Combined Public Utility	2,579,877	
Less: Allowance for Uncollectibles	(565,880)	
ElbertonNET Technology Services	336,647	
Less: Allowance for Uncollectibles	(63,840)	2,286,804
Nonmajor Funds		
Solid Waste Enterprise Fund	90,272	
Less: Allowance for Uncollectibles	(15,840)	74,432
Total primary government		$ 2,375,467
Fiduciary Funds		
Agency Funds		
Municipal Court	$ 161,802	
Less: Allowance for Uncollectibles	(65,718)	$ 96,084

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

Major Funds		
General Fund		
US Department of Justice	$ 12,177	
State of Georgia	90,111	
Elbert County	229	$ 102,517
Nonmajor Funds		
2006 SPLOST Fund		
Elbert County		98,569
Total Primary Government		$ 201,086

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Combined Public Utilities	General	$ 16,501
	ElbertonNET	4,194,833
Nonmajor Enterprise	Combined Public Utilities	10,811
Subtotal		$ 4,222,145

The balance reported as Due to/Due from represent loans between the borrower fund and the lender fund. The balance between the Combined Public Utility System Fund and the ElbertonNET Technology Services Fund resulted from transactions to fund operations and is reported as an advance to other fund in the Combined Utilities Fund and an advance from other fund in the ElbertonNET Technology Services Fund and it is not expected to be repaid within one year. All other balances are expected to be repaid within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

A summary of interfund transfers is as follows:

Transfer out Fund	Transfer in Fund	Amount
Combined Public Utilities	General	$ 2,253,500
	ElbertonNET	400,000
Nonmajor Governmental	General	35,993
	Combined Public Utilities	115,016
		2,804,509
Transfer of Capital Assets		
Nonmajor Enterprise	Governmental Activities	176,712
	Combined Utilities	44,245
Subtotal		$ 3,025,466

6. Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers were used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers were also used to move capital assets between governmental activities and business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Combined Public Utilities Enterprise Fund includes $33,215, $22,309, and $504,695 of intradepartmental billings for water and sewer, natural gas, and electric usage, respectively. Total operating revenues and total operating expenses in the ElbertonNET Technology Services Enterprise Fund include $53,046 of intradepartmental billings for cable television and high-speed internet usage.

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities				
Non-depreciable assets				
Land	$ 630,652	$ 0	$ 0	$ 630,652
Construction in progress	21,964	19,094	(21,964)	19,094
Total non-depreciable assets	652,616	19,094	(21,964)	649,746
Depreciable assets				
Buildings	1,533,718	92,469	(27,544)	1,598,643
Land improvements	1,069,409	99,528	0	1,168,937
Vehicles and equipment	2,381,918	112,425	(100,509)	2,393,834
Infrastructure	1,887,898	280,841	0	2,168,739
Total depreciable assets	6,872,943	585,263	(128,053)	7,330,153
Accumulated depreciation				
Buildings	(754,416)	(50,924)	27,544	(777,796)
Land improvements	(659,636)	(34,806)	0	(694,442)
Vehicles and equipment	(1,496,243)	(181,009)	100,509	(1,576,743)
Infrastructure	(673,091)	(111,991)	0	(785,082)
Total accumulated depreciation	(3,583,386)	(378,730)	128,053	(3,834,063)
Total depreciable assets, net	3,289,557	206,533	0	3,496,090
Governmental activities capital assets, net	$ 3,942,173	$ 225,627	$ (21,964)	$ 4,145,836
Business-type activities				
Non-depreciable assets				
Land	$ 716,235	$ 2,100	$ (450,000)	$ 268,335
Construction in progress	278,461	142,160	(278,461)	142,160
Intangible assets	377,692	0	0	377,692
Total non-depreciable assets	1,372,388	144,260	(728,461)	788,187
Depreciable assets				
Buildings	953,454	39,310	0	992,764
Land improvements	309,478	0	(254,739)	54,739
Distribution system	41,156,445	829,041	(31,761)	41,953,725
Vehicles and equipment	2,823,444	346,901	(95,210)	3,075,135
Total depreciable assets	45,242,821	1,215,252	(381,710)	46,076,363
Accumulated depreciation				
Buildings	(351,635)	(38,761)	0	(390,396)
Land improvements	(102,899)	(11,588)	78,029	(36,458)
Distribution system	(15,706,478)	(1,148,211)	28,552	(16,826,137)
Vehicles and equipment	(1,998,836)	(287,163)	95,210	(2,190,789)
Total accumulated depreciation	(18,159,848)	(1,485,723)	201,791	(19,443,780)
Total depreciable assets, net	27,082,973	(270,471)	(179,919)	26,632,583
Business-type activities capital assets, net	$ 28,455,361	$ (126,211)	$ (908,380)	$ 27,420,770

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the fiscal year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	$ 40,000	$ 0	$ 0	$ 40,000
Depreciable assets				
Buildings	859,955	0	0	859,955
Less accumulated depreciation				
Buildings	(113,442)	(42,042)	0	(155,484)
Total depreciable assets, net	746,513	(42,042)	0	704,471
Downtown Development Authority Component Unit capital assets, net	$ 786,513	$ (42,042)	$ 0	$ 744,471

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 10,499
Public Safety	124,280
Public Works	128,122
Culture and Recreation	34,806
Housing and Development	30,486
Total depreciation expense for governmental activities	$ 328,193
Business-type activities	
Combined Public Utilities	
Electric Department	$ 312,953
Water and Sewer Department	739,874
Natural Gas Department	112,622
ElbertonNet Technology Services	261,405
Solid Waste	49,470
Industrial Park	9,399
Total depreciation expense for business-type activities	$ 1,485,723
Downtown Development Authority Component Unit	$ 42,042

	Governmental Activities
Current year depreciation expense	$ 328,193
Prior accumulated depreciation on assets transferred between governmental and business-type activities	50,537
Additions to accumulated depreciation	$ 378,730

9. Capital and Operating Leases Agreements

The City has entered into lease-purchase agreements to finance the purchase of equipment and to finance the construction of broadband and cable television distribution systems in Elberton. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2011 are $7,300 and $3,329,935 for the governmental activities and business-type activities, respectively.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2011:

Year Ending June 30,	Governmental Acitivities	Business-type Activities
2012	$ 7,389	$ 907,384
2013	0	895,503
2014	0	895,503
2015	0	583,436
2016	0	161,938
2017-2018	0	227,433
Total minimum lease payments	7,389	3,671,197
Less amounts representing interest	(89)	(341,262)
Present value of minimum lease payments	$ 7,300	$ 3,329,935

Total assets leased under capital leases are $41,460 and $7,538,446 for governmental and business-type activities, respectively, and are classified as follows:

	Governmental Activities	Business-type Activities
Distribution system	$ 0	$ 7,417,417
Machinery and equipment	41,460	121,029
Total assets under capital leases	$ 41,460	$ 7,538,446

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

10. Long-Term Debt

Revenue Bonds

Revenue bonds issued for business-type activities are comprised of the following individual issues at June 30, 2010:

$13,000,000 2001 Combined Utility System Revenue series bonds due in annual installments of $555,000 to $985,000 through January 1, 2022; interest at 4.375% to 5.50% ($8,535,000 outstanding), for expansion of the City's water and sewerage system and retirement of previously issued debt.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 605,000	$ 421,289	$ 1,026,289
2013	630,000	394,820	1,026,289
2014	660,000	366,560	1,024,820
2015	690,000	337,940	1,026,560
2016	725,000	304,948	1,027,940
2017-2021	4,240,000	926,678	5,166,678
2022	985,000	49,250	1,034,250
Totals	$ 8,535,000	$ 2,801,485	$ 11,332,826

Notes Payable

The Elberton Downtown Development Authority has entered into a lending agreement with the City of Elberton to refinance a lending agreement with Pinnacle Bank in the original amount of $65,000. At June 30, 2011, the balance of this note is $65,000. Monthly installments of $163 interest are due through May 31, 2012, unpaid principal and interest are due June 30, 2012; interest at 3.00%.

The Elberton Downtown Development Authority has entered into a lending agreement with the Georgia City Foundation, Inc., for the purchase of real property and improvements in the original amount of $90,000. At June 30, 2011, the balance of this note is $57,335. Monthly installments of $622 principal and interest are due through June 1, 2020; interest at 3.00%.

10. Long-Term Debt (continued)

Notes Payable, continued

The Elberton Downtown Development Authority has entered into a lending agreement with the Georgia Department of Community Affairs to refinance a lending agreement with Pinnacle Bank in the original amount of $180,854. At June 30, 2011, the balance of this note is $163,331. Monthly installments of $1,164 principal and interest are due through September 1, 2019, unpaid principal and interest are due October 1, 2019; interest at 2.00%.

The Elberton Downtown Development Authority has also entered into a lending agreement with the City of Elberton for improvements to the William O. Jones Building in the original amount of $480,000. At June 30, 2011, the balance of this note is $480,000. Monthly installments of $2,000 principal were due beginning March 31, 2011, no payments were made through June 30, 2011. Monthly payments are due through February 28, 2031; interest at 0.00%.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 113,616	$ 6,758	$ 120,374
2013	41,010	4,414	45,424
2014	41,415	4,009	45,424
2015	41,830	3,594	45,424
2016	42,255	3,169	45,424
2017-2021	253,540	7,802	261,342
2022-2026	120,000	0	120,000
2027-2031	112,000	0	112,000
Totals	$ 765,666	$ 29,746	$ 795,412

10. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2011:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due Within One Year
Governmental Activities					
Contractual liability	$ 319,049	$ 0	$ 13,350	$ 305,699	$ 0
Capital lease obligations	17,950	0	10,650	7,300	7,300
Compensated absences	173,024	148,595	134,375	187,244	131,071
Total Governmental Activities	$ 510,023	$ 148,595	$ 158,375	$ 500,243	$ 138,371
Business-type Activities					
Revenue bonds	$ 9,110,000	$ 0	$ 575,000	$ 8,535,000	$ 605,000
Capital lease obligations	4,082,771	0	752,836	3,329,935	769,861
Compensated absences	149,801	125,807	108,668	166,940	116,858
Total Business-type Activities	$ 13,342,572	$ 125,807	$ 1,436,504	$ 12,031,875	$ 1,491,719
Downtown Development Authority Component Unit					
Notes payable	$ 781,021	$ 0	$ 15,355	$ 765,666	$ 112,189

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund.

11. Landfill Closure and Post-Closure Care Costs

At June 30, 1995, the City owned and operated a landfill site located on approximately 200 acres of land north of Elberton. The landfill had been operated at the site since 1990. State and federal laws and regulations require the operator to close the landfill once its capacity is reached and to monitor and maintain the site for thirty subsequent years. The City recognized a portion of the closure and post closure care costs in each operating period even though actual payouts would not occur until the landfill was closed. The amount recognized each year was based on the landfill capacity used as of the balance sheet date.

11. Landfill Closure and Post-Closure Care Costs (continued)

Effective July 1, 1995, Elbert County, Georgia, became the owner and operator of the sanitary landfill. All assets of the landfill and related capital leases were transferred to the County as of that date.

The agreement with Elbert County calls for the City and the County to each assume one-half of the closure and post closure care costs of the landfill cells (cells 1 - 8) existing on July 1, 1995, for future years. The City has recorded a contractual obligation to Elbert County of $305,699. The obligation will be adjusted annually based upon current data and engineering studies. The landfill is closed and has no estimated remaining life. This liability is reported as a non-current contractual liability in the Governmental Activities on the Statement of Net Assets.

12. Deficit Equity Balances

At June 30, 2011, the ElbertonNET Technology Services Enterprise Fund had negative unrestricted net assets of $3,914,007. This is primarily due to the start-up nature of the fund's operations. The City plans to liquidate the deficit fund equity through future revenue recognition as its operations become profitable.

13. Risk Management and Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. As of May 1, 2003, the City has elected to manage its risk financing activities through the purchase of commercial insurance.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

The City established a limited self-insurance program for workers' compensation effective July 1, 1993. Under the program, the City utilizes a third party administrator to process and pay claims and maintains excess insurance coverage for workers' compensation for specific stop loss coverage for a claim exceeding $375,000.

13. Risk Management and Self-Insurance (continued)

The administrative costs of the programs were recorded in the General and Proprietary Funds. Such costs were not material. In addition, claims and benefits paid have been recorded as expenditures/expenses in the respective funds.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following is a summary of estimated unpaid claims and liabilities under the self-insured plans for 2011:

	General Fund	Proprietary Funds
Unpaid claims at June 30, 2009	$ 0	$ 0
Claims incurred including adjustments to prior year estimates	3,032	14,251
Payments made on claims	(3,032)	(14,251)
Unpaid claims at June 30, 2010	0	0
Claims incurred including adjustments to prior year estimates	14,364	36,666
Payments made on claims	(14,364)	(36,666)
Unpaid claims at June 30, 2011	$ 0	$ 0

The result of the process to estimate claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

14. Pension Plan

The City contributes and participates in an agent multiple-employer plan. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

14. Pension Plan (continued)

Plan Description and Contribution Information

The City contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. All full-time City employees are eligible to participate in GMEBSRF. The normal retirement date of full-time City employees is attainment of age 65 with 5 years of credited service or the attainment of age 62 with 30 years of credited service, whichever is earlier. City employees may elect early retirement on the first day of any month prior to his/her normal retirement date if he/she has attained age 55 and has a minimum of 10 years credited service. Upon retirement, the participant is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 to 1.75 percent of his/her average monthly earnings as defined in the plan for each year of credited service. The system also provides death and disability benefits. Employees vest in the plan after 10 years of full-time service with the City. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	77
Terminated vested participants entitled to but not yet receiving benefits	31
Active participants	129
Total number of participants	237

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 9.64% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

14. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.75%
Projected salary increases:	
Inflation	3.5%
Merit or senority	0.5% - 2.5%
Post-retirement benefit increases	3.5%
Life expectancy before and after retirement (Group Annuity Reserving Unisex table)	1994

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by using the prior year's actuarial value, plus current year activity, plus 10% of investment gains (losses) during the 10 prior years. The unfunded actuarially accrued liability is being amortized as a level dollar amount on a closed basis over a thirty-year period from 1982. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations.

14. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The City's annual pension cost and net pension obligations for the current year were as follows:

Annual pension cost	$	413,392
Contributions made		(413,392)
Increase (decrease) in net pension obligation		0
Net pension obligation - beginning of year		0
Net pension obligation - end of year	$	0

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented.

Schedule of Employer Contributions

Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1/1/2006	270,413	100%	0
1/1/2007	304,473	100%	0
1/1/2008	348,045	100%	0
1/1/2009	462,266	100%	0
1/1/2010	486,889	100%	0
1/1/2011	413,392	100%	0

14. Pension Plan (continued)

Historical Trend Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2006	$13,195,885	$11,957,607	$(1,238,278)	110.36%	$ 3,166,030	-39%
1/1/2007	13,897,632	12,420,484	(1,477,148)	111.89%	3,532,025	-42%
1/1/2008	14,756,020	13,322,164	(1,433,856)	110.76%	3,794,510	-38%
1/1/2009	12,280,914	14,183,175	1,902,261	86.59%	3,936,563	48%
1/1/2010	15,669,852	13,347,880	(2,321,972)	117.40%	4,107,741	-57%
1/1/2011	16,313,795	13,886,090	(2,427,705)	117.48%	4,268,822	-57%

** Payroll of participants whose attained age is less than the assumed retirement age

15. Deferred Compensation Plan

The City also provides retirement benefits for its employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Georgia Municipal Association (GMA), an independent third party. The City began participation in the plan during fiscal year 2004. All employees who work at least 30 hours per week are eligible to participate in the Plan. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. After completing 30 days of service, the City will contribute 100% of the employee's contributions for the first 2% of compensation, then 50% of the employee's contributions for the next 4% of compensation, per year.

15. Deferred Compensation Plan (continued)

There is a cap of 4% of total compensation per eligible employee for City contributions. Employee contributions are vested 100% at the time of contribution. Employer contributions are vested on a schedule of 20% after the first year of service and an additional 20% each year thereafter; employer contributions are fully vested after 5 years of service. Amounts held in the Plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year, the City contributed $88,528 to the plan based on covered salaries of $2,888,272. Plan members made voluntary contributions of $130,759 to the plan. Total payroll was $4,869,996.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

16. Post Employment Health Care Benefits

The City does not provide post-employment benefits other than pensions and those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the 10th day of the month for the actual month covered. This program is offered for the duration of 18 months after the employee's termination date. There is no associated cost to the City under this program.

17. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3.7). The City is require to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. A summary of the transactions for the year ending June 30, 2011 follows:

Lodging tax receipts	$ 58,651	
Disbursements to Chamber of Commerce, for Elbert Theatre, and for other tourism and visitor programs	$ 59,793	102% of tax receipts

18. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission and is required to pay annual dues thereto. During fiscal year 2011, the city paid $4,733 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. A copy of the GMRDC financial statements can be obtained from the Northeast Georgia Regional Development Center, 305 Research Drive, Athens, Georgia 30605.

The City of Elberton participates with various other cities and counties in the Northern Piedmont Multi-Agency Narcotics Squad (MANS) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has an ongoing financial responsibility of funding for this unit. This funding is determined each year from a budget of grant monies and individual municipalities participation. The MANS unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. The financial records of the MANS unit are maintained by Franklin County, Georgia, and reported in their audit report. During fiscal year 2010, the City contributed $13,982 in cash financing. A copy of the MANS unit financial statements can be obtained from Franklin County, Georgia, 141 Athens Street, Carnesville, Georgia 30521.

19. Related Organizations

The City of Elberton Housing Authority is considered a related organization to the City of Elberton. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Elberton. The City received $15,745 as payment for services provided during fiscal year 2011.

20. Subsequent Event

On October 27, 2011, the City issued $8,355,000 in Combined Utility System Refunding Revenue Bonds with an interest rate of 2.725%. The City used the proceeds to advance refund the City's Combined Utility System Revenue Bonds, Series 2001, and to pay costs of issuance.

21. Commitments and Contingencies

Commitments

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling $9,646,250 from MEAG during the fiscal year ended June 30, 2011. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

21. Commitments and Contingencies (continued)

Commitments, continued

The Trust created four types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of June 30, 2011, the balance in this account was $4,331,577. This amount is included in unrestricted investments in the Combined Public Utilities Fund. The generation trust account is used to offset the City's share of future MEAG generation projects. As of June 30, 2011, the balance in this account was $1,082,149. This amount is included in restricted investments in the Combined Public Utilities Fund.

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at June 30, 2011, were $2,307,540 and $4,074,768, respectively. Due to the restricted nature of these funds, neither is shown in the Combined Public Utilities Fund.

21. Commitments and Contingencies (continued)

Contingencies

The City has entered into an intergovernmental agreement dated July 1, 2010 with the Development Authority of Elbert County, Elberton, and Bowman (the "Authority") and with the Elbert County Board of Commissioners (the "County"). This agreement requires the City and the County to provide credit support for the Authority to issue a taxable revenue bond in the amount of $2,000,000 for the purpose of purchasing a manufacturing facility to be leased to MollerTech South, LLC (the "Company"). The City and County have agreed to make payments to the Authority in amounts sufficient to enable the Authority to pay debt service on the bond in the event both the Company and its guarantor, MollerTech North America, Inc., default on their obligations to make lease payments. The City and County are each required to make one-half of such payments. The balance on the bond at June 30 was $1,956,701, interest at 5.00% per annum. The Company was current on all lease payments at June 30, and the Authority was current on all bond payments at June 30. The City has a contingent liability at June 30 of $978,351. A contingent liability is a possible obligation that arises from past events, and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City. The City does not recognize this potential obligation on its balance sheet because it is not probable that an outflow of resources will be required to settle the obligation.

The City's legal counsel has stated that there are presently no determinable lawsuits.

Supplementary Information

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COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

CITY OF ELBERTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Hotel/Motel Tax Special Revenue Fund	Revolving Loan Special Revenue Fund	2006 SPLOST Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 0	$ 0	$ 639,619	$ 639,619
Receivables				
Taxes	4,068	0	0	4,068
Intergovernmental	0	0	98,569	98,569
Notes	0	480,000	0	480,000
Total assets	$ 4,068	$ 480,000	$ 738,188	$ 1,222,256
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 0	$ 0	$ 3,733	$ 3,733
Fund balances				
Nonspendable:				
Noncurrent notes receivable	0	448,000	0	448,000
Restricted for:				
Economic development	0	32,000	0	32,000
Capital projects	0	0	734,455	734,455
Assigned for tourism	4,068	0	0	4,068
Total fund balances	4,068	480,000	734,455	1,218,523
Total liabilities and fund balances	$ 4,068	$ 480,000	$ 738,188	$ 1,222,256

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	Hotel/Motel Tax Special Revenue Fund	Revolving Loan Special Revenue Fund	2006 SPLOST Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 58,651	$ 0	$ 0	$ 58,651
Intergovernmental	0	0	634,095	634,095
Interest	0	0	1,195	1,195
Total revenues	58,651	0	635,290	693,941
EXPENDITURES				
Current				
Housing and Development	23,800	0	0	23,800
Capital outlay	0	0	152,138	152,138
Total expenditures	23,800	0	152,138	175,938
Excess (deficiency) of revenues over (under) expenditures	34,851	0	483,152	518,003
Other financing sources (uses)				
Transfers out	(35,993)	0	(115,016)	(151,009)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,142)	0	368,136	366,994
Fund balances, July 1	5,210	480,000	366,319	851,529
Fund balances, June 30	$ 4,068	$ 480,000	$ 734,455	$ 1,218,523

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2011

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Accounts receivable (net)	$ 0	$ 74,432	$ 74,432
Due from other funds	0	10,811	10,811
Total current assets	0	85,243	85,243
Noncurrent assets			
Capital assets			
Non-depreciable	0	14,400	14,400
Depreciable (net)	0	143,048	143,048
Total noncurrent assets	0	157,448	157,448
Total assets	0	242,691	242,691
LIABILITIES			
Current liabilities			
Payables			
Accounts	0	21,104	21,104
Interest	0	30	30
Accrued salaries	0	4,833	4,833
Compensated absences	0	7,072	7,072
Capital leases payable	0	21,309	21,309
Total current liabilities	0	54,348	54,348
Noncurrent liabilities			
Compensated absences	0	3,031	3,031
Total liabilities	0	57,379	57,379
NET ASSETS			
Invested in capital assets, net of related debt	0	136,139	136,139
Unrestricted	0	49,173	49,173
Total net assets	$ 0	$ 185,312	$ 185,312

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	$ 0	$ 801,319	$ 801,319
Total operating revenues	0	801,319	801,319
OPERATING EXPENSES			
Costs of sales and services	0	381,616	381,616
Personal services	0	376,586	376,586
Depreciation	9,399	49,470	58,869
Other	0	3,390	3,390
Total operating expenses	9,399	811,062	820,461
Operating income (loss)	(9,399)	(9,743)	(19,142)
Non-operating revenues (expenses)			
Interest revenue	0	23	23
Interest expense	0	(1,235)	(1,235)
Distributions to other agencies	(450,000)	0	(450,000)
Total non-operating revenues (expenses)	(450,000)	(1,212)	(451,212)
Net income before transfers	(459,399)	(10,955)	(470,354)
Tranfers out	(220,957)	0	(220,957)
Change in net assets	(680,356)	(10,955)	(691,311)
Net assets, July 1	680,356	196,267	876,623
Net assets, June 30	$ 0	$ 185,312	$ 185,312

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2011

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	$ 0	$ 792,860	$ 792,860
Payments to suppliers	0	(381,780)	(381,780)
Payments to employees	0	(381,114)	(381,114)
Other payments	0	(3,390)	(3,390)
Net cash provided (used) by operating activities	0	26,576	26,576
Cash flows from non-capital financing activities:			
Payments to other funds	0	(3,597)	(3,597)
Cash flows from capital and related financing activities:			
Principle payments - capital leases	0	(31,088)	(31,088)
Interest paid	0	(1,277)	(1,277)
Net cash provided (used) by capital and related financing activities	0	(32,365)	(32,365)
Cash flows from investing activities:			
Interest received	0	23	23
Net increase (decrease) in cash	0	(9,363)	(9,363)
Cash, July 1	0	9,363	9,363
Cash, June 30	$ 0	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (9,399)	$ (9,743)	$ (19,142)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	9,399	49,470	58,869
(Increase) decrease in accounts receivable	0	(8,459)	(8,459)
Increase (decrease) in accounts payable	0	(164)	(164)
Increase (decrease) in accrued salaries	0	(4,354)	(4,354)
Increase (decrease) in compensated absences payable	0	(174)	(174)
Total adjustments	9,399	36,319	45,718
Net cash provided (used) by operating activities	$ 0	$ 26,576	$ 26,576

Noncash investing, capital, and financing activities:

Distributions of capital assets to local agencies totaled $450,000 for the fiscal year ended June 30, 2011.
Distributions of capital assets to government totaled $220,957 for the fiscal year ended June 30, 2011.

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GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 776,046	$ 404,398
Restricted assets		
Cash	50	50
Receivables (net)		
Accounts	14,231	3,539
Intergovernmental	102,517	107,472
Notes	65,000	65,000
Prepaid items	135,879	124,219
Inventory, at cost	34,981	20,075
Due from other funds	0	497,866
Total assets	$ 1,128,704	$ 1,222,619
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 49,941	$ 59,839
Accrued salaries and payroll liabilities	68,005	131,814
Due to other funds	16,501	0
Other liabilities	21,750	21,574
Total liabilities	156,197	213,227
Fund balances		
Nonspendable:		
Inventory	34,981	20,075
Prepaid items	135,879	124,219
Restricted for public safety	50	50
Unassigned	801,597	865,048
Total fund balances	972,507	1,009,392
Total liabilities and fund balances	$ 1,128,704	$ 1,222,619

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
REVENUES		
Taxes	$ 1,193,290	$ 1,244,963
Licenses and permits	67,553	103,994
Fines, fees and forfeitures	195,234	202,828
Charges for services	853,456	781,097
Intergovernmental	113,742	99,863
Interest	2,500	1,836
Other	28,097	17,348
Total revenues	2,453,872	2,451,929
EXPENDITURES		
Current		
General Government	872,270	795,652
Judicial	100,857	102,716
Public Safety	2,390,993	2,309,661
Public Works	1,091,821	1,117,742
Health and Welfare	11,900	9,900
Culture and Recreation	139,290	146,215
Housing and Development	172,155	220,001
Debt service		
Public Safety	11,087	10,163
Total expenditures	4,790,373	4,712,050
Excess (deficiency) of revenues over (under) expenditures	(2,336,501)	(2,260,121)
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Fund	35,993	49,828
Combined Public Utility System Fund	2,253,500	2,255,015
Sale of capital assets	10,123	1,800
Total other financing sources (uses)	2,299,616	2,306,643
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(36,885)	46,522
Fund balances, July 1	1,009,392	962,870
Fund balances, June 30	$ 972,507	$ 1,009,392

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
Intangibles tax	$ 13,000	$ 3,160	$ (9,840)	$ 3,829
Franchise tax	92,550	84,338	(8,212)	86,620
Occupational tax	85,600	73,352	(12,248)	79,349
Insurance premium tax	270,000	255,324	(14,676)	262,968
Liquor tax	22,000	21,145	(855)	21,359
Beer and wine tax	140,000	121,973	(18,027)	120,035
Local option sales tax	680,000	633,998	(46,002)	670,803
Total taxes	1,303,150	1,193,290	(109,860)	1,244,963
Licenses and permits				
Building permits	40,000	12,093	(27,907)	44,545
Alcoholic beverage licenses	50,000	44,500	(5,500)	43,750
Other permits	15,500	10,960	(4,540)	15,699
Total licenses and permits	105,500	67,553	(37,947)	103,994
Fines, fees and forfeitures				
Parking fines	1,000	200	(800)	577
Court and DUI fines	166,600	149,354	(17,246)	154,011
Probation fees	55,000	45,680	(9,320)	48,240
Total fines, fees, and forfeitures	222,600	195,234	(27,366)	202,828
Charges for services				
Reimbursement of joint expenses	748,658	748,658	0	682,276
Cemetery sales and services	70,000	72,163	2,163	63,755
Public safety	31,000	28,980	(2,020)	29,644
Other	3,500	3,655	155	5,422
Total charges for services	853,158	853,456	298	781,097
Intergovernmental				
Grants	323,282	113,742	(209,540)	99,863
Interest	5,000	2,500	(2,500)	1,836
Other				
Miscellaneous	39,100	28,097	(11,003)	17,348
Total revenues	$ 2,851,790	$ 2,453,872	$ (397,918)	$ 2,451,929

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 111,892	$ 112,977	$ (1,085)	$ 106,973
Contractual services	59,520	54,604	4,916	51,001
Materials and supplies	900	822	78	1,852
Total Mayor and Council	172,312	168,403	3,909	159,826
City Manager's Office				
Personal services	152,014	151,610	404	149,225
Contractual services	9,756	4,174	5,582	3,804
Materials and supplies	1,000	821	179	2,704
Total City Manager's Office	162,770	156,605	6,165	155,733
Finance				
Personal services	237,190	240,575	(3,385)	233,643
Contractual services	52,286	46,867	5,419	54,143
Materials and supplies	2,600	727	1,873	337
Total Finance	292,076	288,169	3,907	288,123
Human Resources				
Personal services	35,594	35,154	440	33,985
Contractual services	6,750	4,591	2,159	10,450
Materials and supplies	1,100	461	639	549
Total Human Resources	43,444	40,206	3,238	44,984
City Clerk				
Personal services	35,845	35,313	532	34,817
Contractual services	2,502	666	1,836	298
Materials and supplies	4,500	3,470	1,030	3,546
Total City Clerk	42,847	39,449	3,398	38,661
Elections				
Personal services	0	0	0	505
Contractual services	0	0	0	660
Total Elections	0	0	0	1,165
City Attorney				
Personal services	6,104	6,122	(18)	5,492
Contractual services	20,000	11,952	8,048	7,275
Total City Attorney	26,104	18,074	8,030	12,767

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
General Government - continued				
City Hall Maintenance				
Contractual services	$ 36,800	$ 36,592	$ 208	$ 44,531
Materials and supplies	23,700	19,717	3,983	22,961
Capital outlay	120,758	105,055	15,703	26,901
Total City Hall Maintenance	181,258	161,364	19,894	94,393
Total General Government	920,811	872,270	48,541	795,652
Judicial				
Municipal Court				
Personal services	58,692	58,036	656	57,797
Contractual services	48,888	42,744	6,144	44,555
Materials and supplies	500	77	423	364
Total Judicial	108,080	100,857	7,223	102,716
Public Safety				
Police - Administration				
Personal services	159,918	169,668	(9,750)	146,009
Contractual services	154,856	143,924	10,932	141,909
Materials and supplies	22,185	20,846	1,339	21,773
Capital outlay	0	0	0	25,279
Total Police - Administration	336,959	334,438	2,521	334,970
Police - Uniform Division				
Personal services	803,081	798,121	4,960	756,721
Contractual services	15,000	19,889	(4,889)	21,582
Materials and supplies	77,711	75,143	2,568	55,529
Total Police - Uniform Division	895,792	893,153	2,639	833,832
Police - Criminal Investigations				
Personal services	113,213	111,871	1,342	112,727
Contractual services	3,125	1,956	1,169	6,207
Materials and supplies	5,665	6,709	(1,044)	4,283
Total Police - Criminal Investigations	122,003	120,536	1,467	123,217
Police - Community Relations				
Personal services	53,552	52,002	1,550	53,522
Contractual services	3,192	2,291	901	1,908
Materials and supplies	1,000	506	494	386
Total Police - Community Relations	57,744	54,799	2,945	55,816
Police - Detention				
Contractual services	54,205	54,203	2	58,122

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Safety - continued				
Fire				
Personal services	$ 850,810	$ 811,403	$ 39,407	$ 799,961
Contractual services	26,591	25,786	805	29,106
Materials and supplies	29,772	24,473	5,299	25,011
Payments to others	700	726	(26)	352
Total Fire	907,873	862,388	45,485	854,430
Animal Control				
Personal services	40,604	41,246	(642)	39,562
Contractual services	7,292	5,475	1,817	6,356
Materials and supplies	3,950	2,857	1,093	3,356
Capital outlay	23,000	21,898	1,102	0
Total Animal Control	74,846	71,476	3,370	49,274
Total Public Safety	2,449,422	2,390,993	58,429	2,309,661
Public Works				
Administrative				
Personal services	81,798	81,080	718	70,701
Contractual services	21,495	24,277	(2,782)	22,538
Materials and supplies	20,781	18,718	2,063	21,950
Payments to others	11,950	13,350	(1,400)	11,950
Total Administration	136,024	137,425	(1,401)	127,139
Infrastructure Construction				
Materials and supplies	0	8,847	(8,847)	52,180
Capital outlay	194,845	0	194,845	23,338
Total Infrastructure Construction	194,845	8,847	185,998	75,518
Infrastructure Maintenance				
Personal services	280,635	243,878	36,757	271,580
Contractual services	7,510	6,210	1,300	13,099
Materials and supplies	39,674	39,314	360	31,318
Capital outlay	0	37,336	(37,336)	5,298
Total Infrastructure Maintenance	327,819	326,738	1,081	321,295
Parks and Rights-of-Way				
Contractual services	75,560	69,078	6,482	50,188
Materials and supplies	5,000	8,679	(3,679)	8,594
Capital outlay	24,734	27,533	(2,799)	0
Total Parks and Rights of Way	105,294	105,290	4	58,782

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Works - continued				
Motor Pool				
Personal services	$ 154,438	$ 166,183	$ (11,745)	$ 154,794
Contractual services	77,747	76,514	1,233	90,050
Materials and supplies	42,500	34,458	8,042	30,317
Capital outlay	30,000	27,509	2,491	55,039
Total Motor Pool	304,685	304,664	21	330,200
Street Lighting				
Contractual services	11,468	11,384	84	10,993
Street Sweeper				
Personal services	31,689	31,820	(131)	31,277
Contract services	1,689	2,012	(323)	2,400
Materials and supplies	6,536	6,077	459	5,597
Total Street Sweeper	39,914	39,909	5	39,274
Cemetery				
Personal services	128,823	128,685	138	131,292
Contractual services	14,247	11,380	2,867	11,829
Materials and supplies	14,500	17,499	(2,999)	11,420
Total Cemetery	157,570	157,564	6	154,541
Total Public Works	1,277,619	1,091,821	185,798	1,117,742
Health and Welfare				
Agency allocations				
Community Partnership	5,900	5,900	0	5,900
Elbert County Aging Program	6,000	6,000	0	4,000
Total Health and Welfare	11,900	11,900	0	9,900
Culture and Recreation				
Elbert Theatre				
Personal services	44,571	44,263	308	42,948
Contract services	15,486	8,462	7,024	10,598
Materials and supplies	18,300	19,065	(765)	19,489
Capital outlay	0	0	0	7,680
Total Elbert Theatre	78,357	71,790	6,567	80,715
Agency allocations				
Library	60,000	60,000	0	58,000
Sister City Program	7,500	7,500	0	7,500
Total agency allocations	67,500	67,500	0	65,500
Total Culture and Recreation	145,857	139,290	6,567	146,215

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Housing and Development				
Zoning/City Marshal				
Personal services	$ 58,669	$ 56,614	$ 2,055	$ 57,834
Contractual services	2,602	1,355	1,247	3,543
Materials and supplies	5,000	2,885	2,115	2,730
Total Zoning/Special Projects	66,271	60,854	5,417	64,107
Code Enforcement				
Personal services	42,411	42,157	254	82,059
Contractual services	32,602	4,964	27,638	17,522
Materials and supplies	3,200	1,771	1,429	1,761
Total Code Enforcement	78,213	48,892	29,321	101,342
Economic Development				
Mainstreet Elberton	62,764	62,409	355	54,552
Total Housing and Development	207,248	172,155	35,093	220,001
Total current	5,120,937	4,779,286	341,651	4,701,887
Debt service				
Public Safety				
Police - Administration	11,088	11,087	1	10,163
Total expenditures	$ 5,132,025	$ 4,790,373	$ 341,652	$ 4,712,050

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

***Hotel/Motel Tax Fund** - This fund is used to collect Hotel/Motel taxes which are used to help support trade and tourism in the City of Elberton.*

***Revolving Loan Fund** – This fund is used to record activities connected with US Department of Housing and Urban Development Community Development Block Grant. The objective of the grant is to develop employment opportunities, principally to persons of low and moderate income.*

CITY OF ELBERTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Taxes receivable	$ 4,068	$ 5,279
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 0	$ 69
Fund balances		
Assigned for tourism	4,068	5,210
Total liabilities and fund balances	$ 4,068	$ 5,279

CITY OF ELBERTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 66,000	$ 58,651	$ (7,349)	$ 72,661
Total revenues	66,000	58,651	(7,349)	72,661
EXPENDITURES				
Housing and Development				
Elbert Theatre				
Contract services	13,000	3,800	9,200	2,833
Chamber of Commerce				
Payments to other agencies	20,000	20,000	0	20,000
Total expenditures	33,000	23,800	9,200	22,833
Excess (deficiency) of revenues over (under) expenditures	33,000	34,851	1,851	49,828
Other financing sources (uses)				
Transfers in (out)				
General Fund	(33,000)	(35,993)	(2,993)	(49,828)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,142)	(1,142)	0
Fund balances, July 1	0	5,210	5,210	5,210
Fund balances, June 30	$ 0	$ 4,068	$ 4,068	$ 5,210

CITY OF ELBERTON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Notes receivable	$ 480,000	$ 480,000
LIABILITIES AND FUND BALANCES		
Fund balances		
Nonspendable noncurrent notes receivable	$ 448,000	$ 472,000
Restricted for economic development	32,000	8,000
	$ 480,000	$ 480,000

CITY OF ELBERTON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 0	$ 0	$ 0	$ 0
Total revenues	0	0	0	0
EXPENDITURES				
Housing and Development				
Payments to other agencies	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, July 1	0	480,000	480,000	480,000
Fund balances, June 30	$ 0	$ 480,000	$ 480,000	$ 480,000

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by the proprietary or fiduciary funds).

***2006 Special Purpose Local Option Sales Tax Fund** - This fund is used to account for long-term projects financed by the passage of the 2006 special purpose local option sales tax.*

CITY OF ELBERTON, GEORGIA
2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 639,619	$ 256,905
Intergovernmental receivable	98,569	128,058
	$ 738,188	$ 384,963
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 3,733	$ 18,644
Fund balances		
Restricted for capital projects	734,455	366,319
Total liabilities and fund balances	$ 738,188	$ 384,963

CITY OF ELBERTON, GEORGIA
2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	$ 634,095	$ 696,942
Interest	1,195	2,256
Total revenues	635,290	699,198
EXPENDITURES		
Capital Outlay		
Public Safety	60,622	166,785
Public Works	91,516	30,775
Total expenditures	152,138	197,560
Excess (deficiency) of revenues over (under) expenditures	483,152	501,638
Other financing sources (uses)		
Transfers in (out)		
Combined Public Utility System Fund	(115,016)	(380,919)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	368,136	120,719
Fund balances, July 1	366,319	245,600
Fund balances, June 30	$ 734,455	$ 366,319

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ENTERPRISE FUNDS

Enterprise Funds account for City operations which are financed and operated in a manner similar to private business enterprises.

***Combined Public Utility System Fund** is used to account for the operations of the City's Electric, Water and Sewer, and Natural Gas Systems pursuant to requirements of the revenue bond ordinance.*

***Industrial Park Fund** is used to account for the operation of the City's industrial park facilities.*

***Solid Waste Fund** is used to account for the operation of the City's residential and commercial sanitation services and recycling operations.*

***ElbertonNET Technology Services Fund** is used to account for the operation of the City's cable television service and high-speed internet serivce systems.*

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Current assets		
Cash	$ 651,481	$ 870,398
Certificates of deposit	526,278	651,639
Investments	3,705,769	3,456,465
Receivables		
Accounts (net)	2,013,997	1,996,298
Intergovernmental	0	12,500
Interest	3,250	4,749
Inventories	422,020	390,134
Due from other funds	16,501	0
Other current assets	29,502	27,914
Total current assets	7,368,798	7,410,097
Restricted assets		
MEAG Generation Trust		
Investments	1,082,149	301,006
Bond Redemption		
Cash	511,640	506,804
Customer Deposits		
Investments	625,808	577,871
Total restricted assets	2,219,597	1,385,681
Capital assets		
Land	247,035	247,035
Intangible assets	377,692	377,692
Buildings	398,381	359,071
Distribution system	34,613,794	34,142,507
Vehicles and equipment	1,884,945	1,691,412
Construction in progress	135,625	146,494
Accumulated depreciation	(16,280,101)	(15,181,936)
Total capital assets (net of accumulated depreciation)	21,377,371	21,782,275
Other assets		
Bond issuance costs (net of accumulated amortization)	185,755	203,446
Advances to other funds	4,194,833	3,862,947
Total other assets	4,380,588	4,066,393
Total assets	35,346,354	34,644,446

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

LIABILITIES	**2011**	**2010**
Current liabilities		
Payables		
Accounts	$ 1,105,545	$ 1,074,298
Sales tax	85,584	92,747
Retainages	0	3,205
Accrued salaries	10,381	60,164
Compensated absences	94,381	84,662
Other current liabilities	20,330	56,959
Due to other funds	10,811	505,011
Total current liabilities	1,327,032	1,877,046
Current liabilities payable from restricted assets		
Customer deposits payable	625,808	577,871
Interest payable	210,644	222,719
Bonds payable	605,000	575,000
Total liabilities payable from restricted assets	1,441,452	1,375,590
Noncurrent liabilities		
Compensated absences	40,449	36,284
Bonds payable	7,930,000	8,535,000
Total noncurrent liabilities	7,970,449	8,571,284
Total liabilities	10,738,933	11,823,920
NET ASSETS		
Invested in capital assets, net of related debt	12,842,371	12,672,275
Restricted for:		
Debt service	300,996	284,085
MEAG Generation Trust	1,082,149	301,006
Unrestricted	10,381,905	9,563,160
Total net assets	$ 24,607,421	$ 22,820,526

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 22,830,850	$ 23,228,817
Miscellaneous revenues	25,282	16,075
Total operating revenues	22,856,132	23,244,892
OPERATING EXPENSES		
Costs of sales and services	14,663,612	14,165,496
Personal services	2,283,786	2,216,876
Depreciation	1,165,449	1,103,428
Miscellaneous expenses	82,048	57,023
Total operating expenses	18,194,895	17,542,823
Operating income (loss)	4,661,237	5,702,069
Non-operating revenues (expenses)		
Interest revenue	33,469	66,279
Interest expense	(434,714)	(461,217)
Amortization	(17,691)	(17,691)
Gain (loss) on sale of capital assets	0	9,175
Total non-operating revenues (expenses)	(418,936)	(403,454)
Net income (loss) before capital contributions and transfers	4,242,301	5,298,615
Capital contributions		
Intergovernmental	38,833	11,167
Other	44,245	0
Total capital contributions	83,078	11,167
Net income (loss) before transfers	4,325,379	5,309,782
Transfers in (out)		
2006 SPLOST Fund	115,016	380,919
ElbertonNET Technology Services Fund	(400,000)	(450,000)
General Fund	(2,253,500)	(2,255,015)
Total transfers	(2,538,484)	(2,324,096)
Change in net assets	1,786,895	2,985,686
Net assets, July 1	22,820,526	19,834,840
Net assets, June 30	$ 24,607,421	$ 22,820,526

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
ELECTRIC UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 15,721,112	$ 15,570,785
Miscellaneous revenues	16,320	6,478
Total operating revenues	15,737,432	15,577,263
OPERATING EXPENSES		
Costs of sales and services	10,853,633	10,075,900
Personal services	1,206,131	1,159,936
Depreciation	312,953	281,614
Miscellaneous expenses	58,018	46,423
Total operating expenses	12,430,735	11,563,873
Operating income (loss)	3,306,697	4,013,390
Non-operating revenues (expenses)		
Interest revenue	25,620	41,892
Interest expense	0	(1,702)
Gain on sale of capital assets	0	5,225
Total non-operating revenues (expenses)	25,620	45,415
Net income (loss) before capital contributions and transfers	3,332,317	4,058,805
Capital contributions		
Other	10,388	0
Net income (loss) before transfers	3,342,705	4,058,805
Transfers in (out)		
General Fund	(1,515,500)	(1,505,515)
ElbertonNET Technology Services Fund	(400,000)	(450,000)
Total transfers	(1,915,500)	(1,955,515)
Change in net assets	$ 1,427,205	$ 2,103,290

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
WATER AND SEWER UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 2,778,123	$ 2,854,234
Miscellaneous revenues	5,161	6,766
Total operating revenues	2,783,284	2,861,000
OPERATING EXPENSES		
Costs of sales and services	914,202	927,453
Personal services	829,176	805,148
Depreciation	739,874	731,265
Miscellaneous expenses	8,830	4,880
Total operating expenses	2,492,082	2,468,746
Operating income (loss)	291,202	392,254
Non-operating revenues (expenses)		
Interest revenue	867	1,081
Interest expense	(434,714)	(459,515)
Amortization	(17,691)	(17,691)
Total non-operating revenues (expenses)	(451,538)	(476,125)
Net income (loss) before capital contributions and transfers	(160,336)	(83,871)
Captial contributions		
Other	33,857	0
Net income (loss) before transfers	(126,479)	(83,871)
Transfers in (out)		
2006 SPLOST Fund	115,016	380,919
Change in net assets	$ (11,463)	$ 297,048

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
NATURAL GAS UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 4,331,615	$ 4,803,798
Miscellaneous revenues	3,801	2,831
Total operating revenues	4,335,416	4,806,629
OPERATING EXPENSES		
Costs of sales and services	2,895,777	3,162,143
Personal services	248,479	251,792
Depreciation	112,622	90,549
Miscellaneous expenses	15,200	5,720
Total operating expenses	3,272,078	3,510,204
Operating income (loss)	1,063,338	1,296,425
Non-operating revenues (expenses)		
Interest revenue	6,982	23,306
Gain (loss) on sale of capital assets	0	3,950
Total non-operating revenues (expenses	6,982	27,256
Net income (loss) before capital contributions and transfers	1,070,320	1,323,681
Capital contributions		
Intergovernmental	38,833	11,167
Net income (loss) before transfers	1,109,153	1,334,848
Transfers in (out)		
General Fund	(738,000)	(749,500)
Change in net assets	$ 371,153	$ 585,348

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 22,817,296	$ 23,528,439
Payments to suppliers	(14,668,602)	(14,166,877)
Payments to employees	(2,319,685)	(2,204,974)
Other receipts	25,282	16,075
Other payments	(82,048)	(57,023)
Net cash provided (used) by operating activities	5,772,243	7,115,640
Cash flows from non-capital financing activities:		
Receipts from other governments	12,500	0
Payments to other governments	0	(12,500)
Receipts from other funds	0	147,588
Payments to other funds	(3,496,087)	(3,182,868)
Net cash provided (used) by non-capital financing activities	(3,483,587)	(3,047,780)
Cash flows from capital and related financing activities:		
Receipts from sale of assets	0	9,175
Receipts from other governments	38,833	11,167
Receipts from other funds	115,016	380,919
Interest paid	(446,789)	(472,595)
Payment of capital related accounts payable	(10,330)	0
Acquisition of capital assets	(706,412)	(1,212,784)
Principal payments - bonds	(575,000)	(555,000)
Principal received on capital lease receivable	0	33,277
Principal payments - capital lease obligations	0	(156,299)
Net cash provided (used) by capital and related financing activities	(1,584,682)	(1,962,140)
Cash flows from investing activities:		
Interest received	34,968	69,375
Proceeds from sale of investments	1,201,639	444,127
Purchase of investments	(2,154,662)	(2,387,227)
Net cash provided (used) by investing activities	(918,055)	(1,873,725)
Net increase (decrease) in cash	(214,081)	231,995
Cash, July 1	1,377,202	1,145,207
Cash, June 30	$ 1,163,121	$ 1,377,202

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 4,661,237	$ 5,702,069
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,165,449	1,103,428
(Increase) decrease in accounts receivable	(17,699)	304,720
(Increase) decrease in inventories	(31,886)	1,505
(Increase) decrease in other current assets	(1,588)	(108)
Increase (decrease) in accounts payable	28,484	(2,778)
Increase (decrease) in sales tax payable	(7,163)	4,426
Increase (decrease) in accrued salaries	(49,783)	16,884
Increase (decrease) in compensated absences payable	13,884	(4,982)
Increase (decrease) in deposits payable	47,937	5,341
Increase (decrease) in other current liabilities	(36,629)	(14,865)
Total adjustments	1,111,006	1,413,571
Net cash provided (used) by operating activities	$ 5,772,243	$ 7,115,640
Cash reconciliation:		
Cash	$ 651,481	$ 870,398
Bond Redemption Cash	511,640	506,804
Total cash	$ 1,163,121	$ 1,377,202

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $9,888 and $10,330 for the fiscal years ended June 30, 2011 and 2010, respectively.

Contributions of capital assets from government totaled $44,245 for the fiscal year ended June 30, 2011.

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Capital assets		
Land	$ 0	$ 450,000
Land improvements	0	315,669
Accumulated depreciation	0	(85,313)
Total assets	0	680,356
LIABILITIES		
NET ASSETS		
Invested in capital assets	$ 0	$ 680,356

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

OPERATING REVENUES	**2011**	**2010**
Total operating revenues	$ 0	$ 0
OPERATING EXPENSES		
Depreciation	9,399	7,047
Total operating expenses	9,399	7,047
Operating income (loss)	(9,399)	(7,047)
Non-operating revenues (expenses)		
Distributions to other agencies	(450,000)	0
Net income before transfers	(459,399)	(7,047)
Transfers in (out)		
Governmental Activities	(176,712)	0
Combined Utilities Fund	(44,245)	0
Total transfers	(220,957)	0
Change in net assets	(680,356)	(7,047)
Net assets, July 1	680,356	687,403
Net assets, June 30	$ 0	$ 680,356

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:	$ 0	$ 0
Cash flows from non-capital financing activities:	0	0
Cash flows from capital and related financing activities:	0	0
Net increase (decrease) in cash and cash equivalents	0	0
Cash, July 1	0	0
Cash, June 30	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (9,399)	$ (7,047)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	9,399	7,047
Net cash provided (used) by operating activities	$ 0	$ 0

Noncash investing, capital, and financing activities:

Distributions of capital assets to local agencies totaled $450,000 for the fiscal year ended June 30, 2011.

Distributions of capital assets to government totaled $220,957 for the fiscal year ended June 30, 2011.

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Current assets		
Cash	$ 0	$ 9,363
Accounts receivable (net)	74,432	65,973
Due from other funds	10,811	7,214
Total current assets	85,243	82,550
Capital assets		
Land	14,400	14,400
Land improvements	54,739	54,739
Buildings	86,886	86,886
Vehicles and equipment	618,132	618,132
Accumulated depreciation	(616,709)	(567,239)
Total capital assets (net of accumulated depreciation)	157,448	206,918
Total assets	242,691	289,468
LIABILITIES		
Current liabilities		
Payables		
Accounts	21,104	21,268
Interest	30	72
Accrued salaries	4,833	9,187
Compensated absences	7,072	7,194
Capital leases payable	21,309	31,088
Total current liabilities	54,348	68,809
Noncurrent liabilities		
Compensated absences	3,031	3,083
Capital leases payable	0	21,309
Total noncurrent liabilities	3,031	24,392
Total liabilities	57,379	93,201
NET ASSETS		
Invested in capital assets, net of related debt	136,139	154,521
Unrestricted	49,173	41,746
Total net assets	$ 185,312	$ 196,267

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

OPERATING REVENUES	**2011**	**2010**
Charges for sales and services		
Residential service	$ 355,341	$ 349,537
Commercial service	277,177	275,174
Sale of recyclables	160,998	164,130
Garbage container sales	7,803	4,428
Total operating revenues	801,319	793,269
OPERATING EXPENSES		
Costs of sales and services	381,616	379,599
Personal services	376,586	370,795
Depreciation	49,470	72,448
Miscellaneous	3,390	1,832
Total operating expenses	811,062	824,674
Operating income (loss)	(9,743)	(31,405)
Non-operating revenues (expenses)		
Interest revenue	23	48
Interest expense	(1,235)	(2,139)
Total non-operating revenues (expenses)	(1,212)	(2,091)
Change in net assets	(10,955)	(33,496)
Net assets, July 1	196,267	229,763
Net assets, June 30	$ 185,312	$ 196,267

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 792,860	$ 787,443
Payments to suppliers	(381,780)	(378,823)
Payments to employees	(381,114)	(368,446)
Other payments	(3,390)	(1,832)
Net cash provided (used) by operating activities	26,576	38,342
Cash flows from non-capital financing activities:		
Payments to other funds	(3,597)	(8,673)
Cash flows from capital and related financing activities:		
Principal payments - capital leases	(31,088)	(27,602)
Interest paid	(1,277)	(2,067)
Net cash provided (used) by capital and related financing activities	(32,365)	(29,669)
Cash flows from investing activities:		
Interest received	23	48
Net increase (decrease) in cash	(9,363)	48
Cash, July 1	9,363	9,315
Cash, June 30	$ 0	$ 9,363
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (9,743)	$ (31,405)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	49,470	72,448
(Increase) decrease in accounts receivable	(8,459)	(5,826)
Increase (decrease) in accounts payable	(164)	776
Increase (decrease) in accrued salaries	(4,354)	2,405
Increase (decrease) in compensated absences payable	(174)	(56)
Total adjustments	36,319	69,747
Net cash provided (used) by operating activities	$ 26,576	$ 38,342

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Current assets		
Accounts receivable (net)	$ 272,807	$ 249,119
Prepaid items	10,488	0
Inventories	100,404	113,073
Total current assets	383,699	362,192
Restricted assets		
Construction Fund		
Cash	0	220,583
Capital assets		
Land	6,900	4,800
Buildings	507,497	507,497
Vehicles and equipment	572,058	513,899
Construction in progress	6,535	131,967
Distribution system	7,339,931	6,953,008
Accumulated depreciation	(2,546,970)	(2,325,359)
Total capital assets (net of accumulated depreciation)	5,885,951	5,785,812
Other assets		
Bond issuance costs (net of accumulated amortization)	20,400	26,229
Total assets	6,290,050	6,394,816
LIABILITIES		
Current liabilities		
Payables		
Accounts	74,143	91,979
Intergovernmental	16,048	11,752
Retainages	0	8,915
Interest	5,741	7,171
Accrued salaries	2,049	8,459
Compensated absences	15,405	13,005
Customer deposits	3,645	4,405
Capital lease payable	748,552	712,707
Total current liabilities	865,583	858,393
Noncurrent liabilities		
Compensated absences	6,602	5,573
Advances from other funds	4,194,833	3,862,947
Capital lease payable	2,560,074	3,317,667
Total noncurrent liabilities	6,761,509	7,186,187
Total liabilities	7,627,092	8,044,580
NET ASSETS		
Invested in capital assets, net of related debt	2,577,325	1,976,021
Unrestricted	(3,914,367)	(3,625,785)
Total net assets	$ (1,337,042)	$ (1,649,764)

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 2,401,396	$ 1,954,681
Total operating revenues	2,401,396	1,954,681
OPERATING EXPENSES		
Costs of sales and services	1,743,433	1,503,331
Personal services	297,732	291,382
Depreciation	261,405	223,746
Miscellaneous	9,280	8,378
Total operating expenses	2,311,850	2,026,837
Operating income (loss)	89,546	(72,156)
Non-operating revenues (expenses)		
Interest revenue	111	564
Gain (loss) on sale of capital assets	1,220	1,780
Amortization expense	(5,829)	(5,829)
Interest expense	(172,326)	(182,151)
Total non-operating revenues (expenses)	(176,824)	(187,416)
Net income (loss) before transfers	(87,278)	(257,792)
Transfers in (out)		
Combined Utilities Fund	400,000	450,000
Change in net assets	312,722	192,208
Net assets, July 1	(1,649,764)	(1,841,972)
Net assets, June 30	$ (1,337,042)	$ (1,649,764)

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 2,376,948	$ 1,927,046
Payments to suppliers	(1,750,499)	(1,502,813)
Payments to employees	(300,713)	(286,623)
Other payments	(9,280)	(8,378)
Net cash provided (used) by operating activities	316,456	129,232
Cash flows from non-capital financing activities:		
Receipts from other funds	731,886	679,312
Cash flows from capital and related financing activities:		
Issuance of capital lease	0	1,069,000
Receipts from sale of assets	1,220	1,780
Interest paid	(173,756)	(183,512)
Principal payments - capital lease obligations	(721,748)	(576,796)
Payment of capital related accounts payable	(17,892)	0
Acquisition of capital assets	(356,860)	(898,997)
Net cash provided (used) by capital and related financing activities	(1,269,036)	(588,525)
Cash flows from investing activities:		
Interest received	111	564
Net increase (decrease) in cash	(220,583)	220,583
Cash, July 1	220,583	0
Cash, June 30	$ 0	$ 220,583
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 89,546	$ (72,156)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	261,405	223,746
(Increase) decrease in accounts receivable	(23,688)	(28,991)
(Increase) decrease in inventories	12,669	(9,166)
(Increase) decrease in prepaid items	(10,488)	0
Increase (decrease) in accounts payable	(13,543)	7,327
Increase (decrease) in intergovernmental payable	4,296	2,357
Increase (decrease) in customer deposits	(760)	1,356
Increase (decrease) in accrued salaries	(6,410)	1,019
Increase (decrease) in compensated absences payable	3,429	3,740
Total adjustments	226,910	201,388
Net cash provided (used) by operating activities	$ 316,456	$ 129,232

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $4,684 and $17,892 for the fiscal years ended June 30, 2011 and 2010, respectively.

AGENCY FUNDS

These funds are used to account for assets held by the City as an agent to be expended or invested in accordance with the conditions of its agency capacity.

Municipal Court Fund – *This fund is used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately are transmitted to the General Fund or another agency.*

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 3,360	$ 6,421
Accounts receivable (net)	96,084	94,496
Total assets	$ 99,444	$ 100,917
LIABILITIES		
Due to other agencies	$ 99,444	$ 100,917

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash	$ 6,421	$ 208,825	$ 211,886	$ 3,360
Accounts receivable (net)	94,496	57,574	55,986	96,084
	$ 100,917	$ 266,399	$ 267,872	$ 99,444
LIABILITIES				
Due to other agencies	$ 100,917	$ 266,399	$ 267,872	$ 99,444

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COMPONENT UNIT

Downtown Development Authority *- This component unit is used to account for governmental revenues and contributions reserved for City business development.*

CITY OF ELBERTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash	$ 5,547	$ 6,498
Prepaid items	349	313
Total assets	$ 5,896	$ 6,811
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 1,400	$ 1,851
Intergovernmental	0	4,123
Deferred revenue	0	1,245
Total liabilities	1,400	7,219
Fund balances		
Nonspendable prepaid items	349	313
Assigned for Housing and Development	4,147	0
Unassigned	0	(721)
Total fund balances	4,496	(408)
Total liabilities and fund balances	$ 5,896	$ 6,811

CITY OF ELBERTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 62,764	$ 62,410	$ (354)	$ 57,052
Rents	29,784	30,964	1,180	20,334
Event revenue	9,900	13,455	3,555	12,445
Interest	0	0	0	9
Total revenues	102,448	106,829	4,381	89,840
EXPENDITURES				
Current				
Economic Development				
Personnel services	50,912	51,483	(571)	49,812
Contract services	25,012	19,563	5,449	27,016
Materials and supplies	7,331	7,493	(162)	2,705
Debt service	19,193	23,386	(4,193)	270,585
Total expenditures	102,448	101,925	523	350,118
Excess (deficiency) of revenues over (under) expenditures	0	4,904	4,904	(260,278)
Other financing sources (uses)				
Proceeds from notes payable	0	0	0	245,854
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	4,904	4,904	(14,424)
Fund balances, July 1	0	(408)	(408)	14,016
Fund balances, June 30	$ 0	$ 4,496	$ 4,496	$ (408)

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Part III

Statistical Section

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City of Elberton
Statistical Section
(Unaudited)

This section of the City of Elberton's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This section includes data for the City (i.e. the primary government) only and does not include the City's discretely presented component unit. This information has not been audited by the independent auditor.

Contents

	Page
Financial Trends These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	**103-117**
Revenue Capacity These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources and trends of these sources. Property taxes are not a source of revenue for the City; however, property tax valuation and tax rate information is included as an indicator of the City's growth and overall economic condition.	**118-121**
Debt Capacity These tables present information which may assist the reader in analyzing the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**122-127**
Demographic and Economic Information These tables offer demographic and economic indicators that can be used for financial analysis and to provide a better understanding of the City's present and ongoing financial status.	**128-129**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	**130-135**
Other Information	**136-137**

Source: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the corresponding years.

City of Elberton

Net Assets by Component

Last Nine Fiscal Years

	FISCAL YEAR		
	2011	2010	2009
Governmental Activities			
Invested in capital assets, net of related debt	$ 4,138,536	$ 3,924,223	$ 3,935,047
Restricted	1,214,456	851,529	730,810
Unrestricted	483,631	517,319	447,389
Total Governmental Activities Net Assets	5,836,623	5,293,071	5,113,246
Business-type Activities			
Invested in capital assets, net of related debt	15,555,835	15,262,590	14,315,837
Restricted	1,383,145	504,668	305,477
Unrestricted	6,516,711	6,280,127	4,288,720
Total Business-Type Activities Net Assets	23,455,691	22,047,385	18,910,034
Primary Government			
Invested in capital assets, net of related debt	19,694,371	19,186,813	18,250,884
Restricted	2,597,601	1,356,197	1,036,287
Unrestricted	7,000,342	6,797,446	4,736,109
Total Primary Government Net Assets	$ 29,292,314	$ 27,340,456	$ 24,023,280

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ 3,624,359	$ 3,471,430	$ 2,909,989	$ 3,035,688	$ 2,775,597	$ 2,519,805
419,048	369,936	275,544	76,648	20,523	0
224,861	36,620	(137,068)	(456,924)	(550,441)	(388,125)
4,268,268	3,877,986	3,048,465	2,655,412	2,245,679	2,131,680
13,384,786	12,175,380	12,350,686	12,625,161	7,715,919	11,154,194
289,907	523,595	525,970	518,176	4,991,805	0
4,077,359	4,052,857	3,104,570	2,242,107	2,132,913	3,280,605
17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799
17,009,145	15,646,810	15,260,675	15,660,849	10,491,516	13,673,999
708,955	893,531	801,514	594,824	5,012,328	0
4,302,220	4,089,477	2,967,502	1,785,183	1,582,472	2,892,480
$ 22,020,320	$ 20,629,818	$ 19,029,691	$ 18,040,856	$ 17,086,316	$ 16,566,479

City of Elberton

Changes in Net Assets

Last Nine Fiscal Years

	FISCAL YEAR		
Expenses	**2011**	**2010**	**2009**
Governmental Activities:			
General Government	$ 236,654	$ 319,451	$ 308,198
Judicial	99,901	101,982	100,939
Public Safety	2,509,964	2,442,237	2,355,213
Public Works	952,793	953,107	1,093,415
Health and Welfare	11,900	9,900	9,900
Culture and Recreation	163,831	161,416	151,363
Housing and Development	205,442	246,774	415,226
Non-departmental	0	0	0
Interest on Long-term Debt	437	2,716	5,485
Total Governmental Activities	4,180,922	4,237,583	4,439,739
Business-type Activities:			
Combined Public Utilities			
Electric	12,430,735	11,565,575	12,100,774
Water and Sewer	2,944,487	2,945,952	2,976,193
Natural Gas	3,272,078	3,510,204	4,101,371
Telecommunications	0	0	0
ElbertonNET Technology Services	2,490,005	2,214,817	1,992,818
Industrial Park	459,399	7,047	7,048
Solid Waste	812,297	826,813	788,082
Total Business-type Activities	22,409,001	21,070,408	21,966,286
Total Primary Government Expenses	26,589,923	25,307,991	26,406,025
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	55,109	60,476	55,965
Public Safety	227,569	235,767	232,192
Public Works	72,514	64,151	59,175
Culture and Recreation	0	0	0
Housing and Development	12,393	45,249	44,145
Operating Grants and Contributions	44,386	100,177	72,158
Capital Grants and Contributions	714,791	22,584	877,058
Total Governmental Activities Program Revenues	1,126,762	528,404	1,340,693
Business-type Activities:			
Charges for Services:			
Electric	15,721,112	15,570,785	14,462,334
Water and Sewer	2,778,123	2,854,234	2,878,146
Natural Gas	4,331,615	4,803,798	5,279,518
Telecommunications	0	0	0
ElbertonNET Technology Services	2,401,396	1,954,681	1,675,254
Solid Waste	801,319	789,409	739,446
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	38,833	11,167	0
Total Business-type Activities Program Revenues	26,072,398	25,984,074	25,034,698
Total Primary Government Program Revenues	27,199,160	26,512,478	26,375,391

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ 302,999	$ 350,500	$ 215,991	$ 361,991	$ 337,310	$ 202,285
103,965	98,082	98,881	78,031	81,460	51,700
2,293,427	2,213,641	2,064,532	1,871,062	1,935,347	1,933,826
1,092,800	1,048,254	1,102,332	880,331	865,252	1,036,330
5,900	9,249	1,300	13,561	1,585	1,300
157,287	82,588	66,164	96,910	94,235	78,500
263,260	286,226	225,903	200,727	184,166	208,569
0	0	0	10,853	7,102	164,824
5,922	5,239	2,907	1,967	0	0
4,225,560	4,093,779	3,778,010	3,515,433	3,506,457	3,677,334
12,768,800	12,131,913	11,332,813	10,461,453	10,177,321	10,195,877
2,822,735	3,192,245	2,784,630	2,536,411	2,326,800	2,005,173
4,194,584	4,605,835	5,190,977	3,898,340	3,514,937	3,167,713
0	0	40,261	936,938	1,019,711	1,064,080
2,297,474	1,858,965	1,690,305	1,017,243	983,141	917,648
7,047	7,048	7,262	14,967	12,699	17,148
741,801	728,261	679,911	680,009	595,118	520,935
22,832,441	22,524,267	21,726,159	19,545,361	18,629,727	17,888,574
27,058,001	26,618,046	25,504,169	23,060,794	22,136,184	21,565,908
57,784	62,241	63,572	140,450	134,306	122,135
242,567	214,756	225,841	211,864	247,217	285,517
62,405	58,637	71,253	71,190	43,822	87,370
0	0	0	0	0	28,243
37,504	37,130	19,235	39,664	20,668	20,546
842	8,722	39,969	120,474	14,179	32,964
99,514	231,841	200,000	392,279	504,455	0
500,616	613,327	619,870	975,921	964,647	576,775
14,505,101	13,769,282	12,886,623	11,948,853	11,406,837	10,846,657
2,881,331	2,916,737	2,654,050	2,575,343	2,382,676	2,310,276
5,632,829	5,387,505	6,227,798	5,346,246	4,981,635	4,641,330
0	0	0	533,407	545,739	534,671
1,559,185	1,336,275	1,058,866	691,799	599,950	471,646
763,511	697,416	670,577	667,104	618,808	562,326
41,324	750,039	16,030	36,642	47,198	76,475
0	398,258	248,737	0	70,830	11,237
25,383,281	25,255,512	23,762,681	21,799,394	20,653,673	19,454,618
25,883,897	25,868,839	24,382,551	22,775,315	21,618,320	20,031,393

City of Elberton
Changes in Net Assets
Last Nine Fiscal Years

	FISCAL YEAR		
	2011	2010	2009
Change in Net Assets			
Net (expense) Revenue -			
Governmental Activities	$ (3,054,160)	$ (3,709,179)	$ (3,099,046)
Net (expense) Revenue -			
Business-type Activities	3,663,397	4,913,666	3,068,412
Total Primary Government			
Net (Expense) Revenue	609,237	1,204,487	(30,634)
General Revenues and			
Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Sales	633,998	1,345,161	1,182,430
Franchise	84,338	86,620	88,790
Occupational (1)	73,352	79,349	85,706
Insurance Premium	255,324	262,968	265,457
Alcoholic Beverages	143,118	141,394	158,225
Hotel/Motel	58,650	72,661	66,655
Other	3,160	3,829	5,888
Interest and Investment Earnings	2,500	4,092	3,172
Gain on Sale of Assets	10,123	1,800	0
Miscellaneous	17,953	17,034	49,716
Transfers	2,315,196	1,874,096	2,037,985
Total Government Activities	3,597,712	3,889,004	3,944,024
Business-type Activities			
Interest and Investment Earnings	33,603	66,891	91,420
Gain on Sale of Assets	1,220	5,225	2,510
Miscellaneous	25,282	25,665	33,625
Transfers	(2,315,196)	(1,874,096)	(2,037,985)
Total Business-type Activities	(2,255,091)	(1,776,315)	(1,910,430)
Total Primary Government Activities	1,342,621	2,112,689	2,033,594
Change in Net Assets			
Governmental Activities	543,552	179,825	844,978
Business-type Activities	1,408,306	3,137,351	1,157,982
Total Primary Government			
Change in Net Assets	1,951,858	3,317,176	2,002,960
Net Assets - beginning (original)			
Governmental Activities	5,293,071	5,113,246	4,268,268
Business-type Activities	22,047,385	18,910,034	17,752,052
Total Primary Government			
Beginning Net Assets (original)	27,340,456	24,023,280	22,020,320
Prior Period Adjustments			
Governmental Activities	0	0	0
Business-type Activities	0	0	0
Total Primary Government			
Prior Period Adjustments	0	0	0
Net Assets - beginning (restated)			
Governmental Activities	5,293,071	5,113,246	4,268,268
Business-type Activities	22,047,385	18,910,034	17,752,052
Total Primary Government			
Beginning Net Assets (restated)	27,340,456	24,023,280	22,020,320
Change in Net Assets - ending			
Governmental Activities	5,836,623	5,293,071	5,113,246
Business-type Activities	23,455,691	22,047,385	18,910,034
Total Primary Government			
Ending Net Assets	$ 29,292,314	$ 27,340,456	$ 24,023,280

(1) In fiscal year 2006, occupational taxes were recategorized from charges for services to tax revenue.

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ (3,724,944)	$ (3,480,452)	$ (3,158,140)	$ (2,539,512)	$ (2,541,810)	$ (3,100,559)
2,550,840	2,731,245	2,036,522	2,254,033	2,023,946	1,566,044
(1,174,104)	(749,207)	(1,121,618)	(285,479)	(517,864)	(1,534,515)
1,399,514	1,285,913	640,156	560,452	571,161	581,426
87,815	83,545	82,846	80,446	74,159	72,575
85,683	90,545	80,697	0	0	0
259,247	248,533	237,546	220,795	203,736	189,036
158,789	152,952	152,254	147,003	147,672	156,026
69,510	66,505	71,052	62,711	67,007	54,963
8,847	12,786	7,593	8,649	13,047	14,318
51,770	79,361	37,785	11,926	6,400	7,143
26,355	5,972	0	0	0	0
38,341	20,451	460,627	6,624	11,077	43,183
1,929,355	2,102,559	1,626,340	1,850,639	1,661,620	1,827,857
4,115,226	4,149,122	3,396,896	2,949,245	2,755,879	2,946,527
133,186	124,201	131,765	125,280	121,616	263,731
15,916	5,769	0	0	0	0
229,633	11,950	53,835	16,133	12,681	16,638
(1,929,355)	(2,102,559)	(1,626,340)	(1,850,639)	(1,752,405)	(1,827,857)
(1,550,620)	(1,960,639)	(1,440,740)	(1,709,226)	(1,618,108)	(1,547,488)
2,564,606	2,188,483	1,956,156	1,240,019	1,137,771	1,399,039
390,282	668,670	238,756	409,733	214,069	(154,032)
1,000,220	770,606	595,782	544,807	405,838	18,556
1,390,502	1,439,276	834,538	954,540	619,907	(135,476)
3,877,986	3,048,465	2,655,412	2,245,679	2,131,680	2,285,712
16,751,832	15,981,226	15,385,444	14,840,637	14,434,799	14,416,243
20,629,818	19,029,691	18,040,856	17,086,316	16,566,479	16,701,955
0	160,851	154,297	0	(100,070)	0
0	0	0	0	0	0
0	160,851	154,297	0	(100,070)	0
3,877,986	3,209,316	2,809,709	2,245,679	2,031,610	2,285,712
16,751,832	15,981,226	15,385,444	14,840,637	14,434,799	14,416,243
20,629,818	19,190,542	18,195,153	17,086,316	16,466,409	16,701,955
4,268,268	3,877,986	3,048,465	2,655,412	2,245,679	2,131,680
17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799
$ 22,020,320	$ 20,629,818	$ 19,029,691	$ 18,040,856	$ 17,086,316	$ 16,566,479

City of Elberton

Fund Balances of Governmental Funds

Last Nine Fiscal Years

	FISCAL YEAR		
	2011	2010	2009
General Fund			
Reserved		$ 144,344	$ 393,228
Unreserved		865,048	569,642
Nonspendable (1)	$ 170,860		
Restricted (1)	50		
Unassigned (1)	801,597		
Total General Fund	972,507	1,009,392	962,870
All Other Governmental Funds			
Unreserved, Reported in:			
Special Revenue Fund		485,210	485,210
Capital Project Funds		366,319	245,600
Nonspendable (1)	448,000		
Restricted (1)	766,455		
Assigned (1)	4,068		
Total All Other Governmental Funds	1,218,523	851,529	730,810
Total Governmental Fund Balances	$ 2,191,030	$ 1,860,921	$ 1,693,680

Note: Comparative information prior to fiscal year 2003 is not available.
Note 1: The City has adopted GASB 54 for reporting of fund balance classifications for 2011.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ 439,843	$ 147,922	$ 149,041	$ 92,216	$ 82,417	$ 79,609
307,883	413,512	323,490	153,157	76,158	204,393
747,726	561,434	472,531	245,373	158,575	284,002
6,885	8,972	13,798	0	0	0
412,163	360,964	198,646	76,649	20,523	0
419,048	369,936	212,444	76,649	20,523	0
$ 1,166,774	$ 931,370	$ 684,975	$ 322,022	$ 179,098	$ 284,002

City of Elberton

Changes in Fund Balances - Governmental Funds (1)

Last Nine Fiscal Years

	FISCAL YEAR		
	2011	2010	2009
Revenues			
Taxes	$ 1,251,941	$ 1,317,624	$ 1,264,618
Licenses and permits (2)	67,553	103,994	100,084
Fines, fees and forfeitures	195,234	202,828	203,387
Charges for services	853,456	781,097	760,032
Intergovernmental	747,837	796,805	1,406,679
Interest	3,695	4,092	3,172
Other	28,097	17,348	49,786
Total Revenues	3,147,813	3,223,788	3,787,758
Expenditures			
General Government	872,270	795,652	739,722
Judicial	100,857	102,716	100,616
Public Safety	2,390,993	2,309,661	2,234,428
Public Works	1,091,821	1,117,742	1,281,083
Health and Welfare	11,900	9,900	9,900
Culture and Recreation	139,290	146,215	142,491
Housing and Development	195,955	242,834	412,796
Non-Departmental	0	0	0
Debt Service	11,087	89,306	51,023
Capital Outlay	152,138	118,417	457,778
Total Expenditures	4,966,311	4,932,443	5,429,837
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,818,498)	(1,708,655)	(1,642,079)
Other Financing Sources (Uses)			
Transfers In	2,289,493	2,304,843	2,344,502
Transfers Out	(151,009)	(430,747)	(306,517)
Sale of Capital Assets	10,123	1,800	131,000
Issuance of Capital Leases	0	0	0
Total Other Financing Sources (Uses)	2,148,607	1,875,896	2,168,985
Net Change in Fund Balances	330,109	167,241	526,906
Fund Balances, July 1	1,860,921	1,693,680	1,166,774
Prior Period Adjustment	0	0	0
Fund Balances, June 30	$ 2,191,030	$ 1,860,921	$ 1,693,680
Debt service as a percentage of noncapital expenditures	0.24%	1.90%	1.06%

Note: Comparative information prior to fiscal year 2003 is not available.

Note (1): Includes general, special revenue, and capital projects funds.
Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to taxes.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ 1,375,542	$ 1,300,551	$ 1,191,447	$ 1,080,056	$ 1,076,782	$ 1,068,344
94,654	99,693	161,855	181,532	156,696	145,342
223,968	202,083	211,142	159,359	185,822	217,840
731,470	650,277	976,808	948,741	871,291	1,088,954
794,204	788,416	239,969	512,753	518,634	61,207
51,770	79,361	37,785	11,926	6,400	7,143
38,357	112,826	56,356	6,624	11,076	23,669
3,309,965	3,233,207	2,875,362	2,900,991	2,826,701	2,612,499
717,350	725,386	848,845	818,311	747,114	801,863
103,447	97,015	97,358	77,692	80,577	53,456
2,171,102	2,122,180	2,064,065	1,846,427	1,915,206	1,870,738
1,208,520	1,079,879	1,227,280	1,315,284	1,068,128	1,328,679
5,900	5,000	1,300	13,561	1,300	1,300
186,597	155,888	60,000	296,144	313,220	156,205
234,047	192,520	229,786	199,959	257,013	139,535
0	0	0	10,853	7,102	164,824
64,220	70,033	49,025	42,013	0	0
380,548	807,331	88178	146447	146887	0
5,071,731	5,255,232	4,665,837	4,766,691	4,536,547	4,516,600
(1,761,766)	(2,022,025)	(1,790,475)	(1,865,700)	(1,709,846)	(1,904,101)
2,259,913	2,196,666	1,705,864	1,947,432	1,882,946	1,884,000
(330,558)	(94,107)	(79,524)	(96,793)	(221,326)	(56,143)
26,355	5,972	527,088	0	0	19,514
41,460	159,889	0	157,985	0	0
1,997,170	2,268,420	2,153,428	2,008,624	1,661,620	1,847,371
235,404	246,395	362,953	142,924	(48,226)	(56,730)
931,370	684,975	322,022	179,098	284,002	340,732
0	0	0	0	(56,678)	0
$ 1,166,774	$ 931,370	$ 684,975	$ 322,022	$ 179,098	$ 284,002
1.40%	1.59%	1.11%	1.03%	0.00%	0.00%

City of Elberton, Georgia

General Government Expenditures by Function (1)

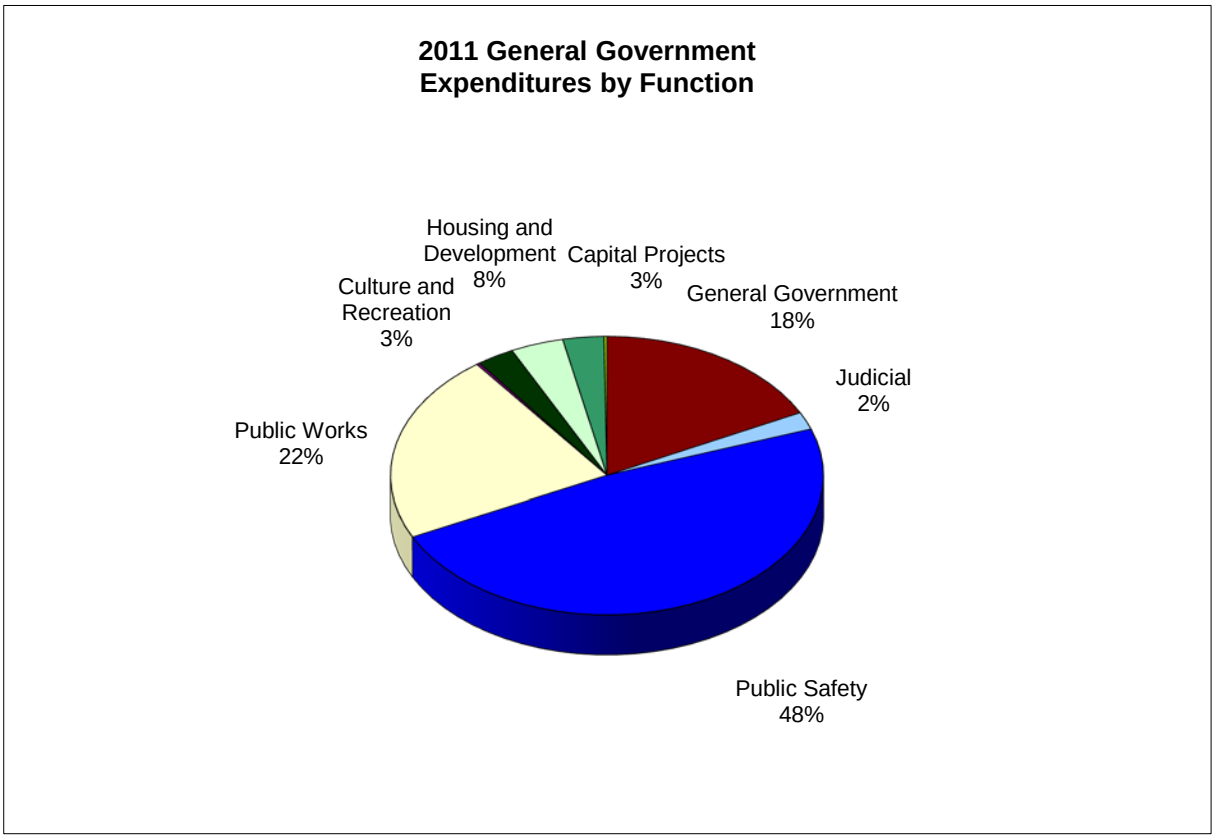
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial (2)	Public Safety	Public Works	Health and Welfare (3)
2002	1,042,103	0	1,880,256	1,040,797	0
2003	801,863	53,456	1,870,738	1,328,679	1,300
2004	747,114	80,577	1,915,206	1,068,128	1,300
2005	818,311	77,692	1,846,427	1,315,284	13,561
2006	848,845	97,358	2,025,601	1,227,280	1,300
2007	725,386	97,015	2,122,180	1,079,879	5,000
2008	717,350	103,447	2,171,102	1,208,520	5,900
2009	739,722	100,616	2,234,428	1,281,083	9,900
2010	795,652	102,716	2,309,661	1,117,742	9,900
2011	872,270	100,857	2,390,993	1,091,821	11,900

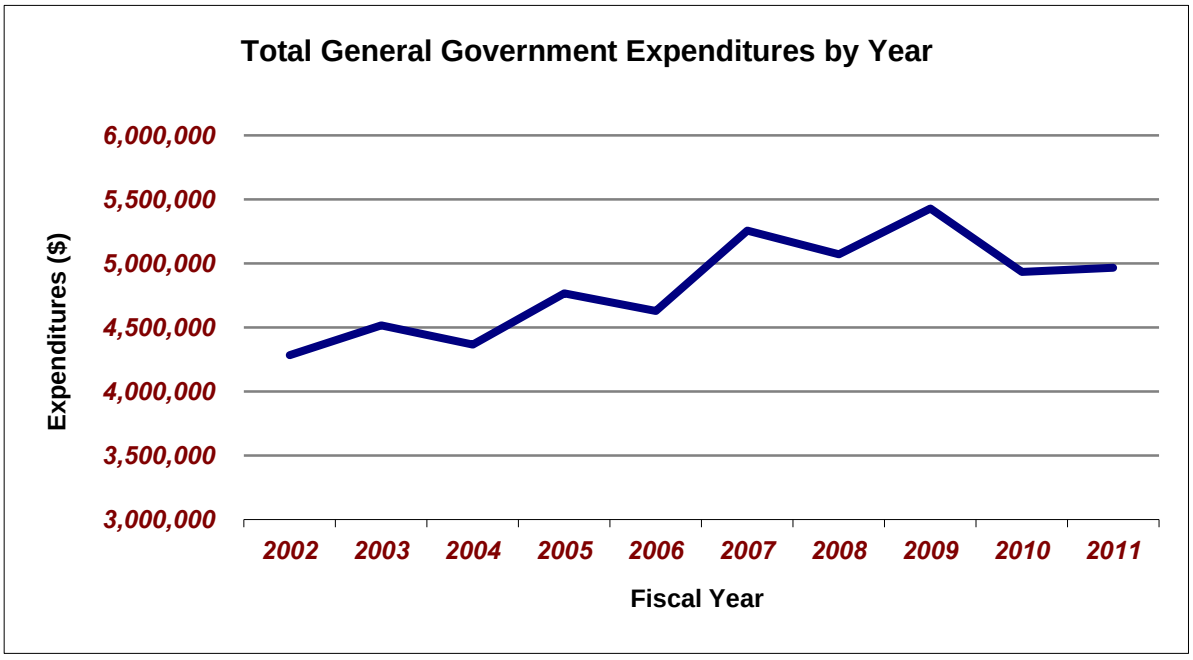
Note (1): Includes general, special revenue, and capital projects funds.

Note (2): Reported as general government prior to fiscal year 2003.

Note (3): Reported as culture and recreation prior to fiscal year 2003.



Culture and Recreation (3)	Housing and Development (3)	Other	Capital Projects	Debt Service	Total
219,748	0	99,787	0	0	4,282,691
89,900	205,840	164,824	0	0	4,516,600
313,220	257,013	7,102	146,887	0	4,367,160
296,144	199,959	10,853	146,447	42,013	4,766,691
118,920	170,866	0	88,178	49,025	4,627,373
155,888	192,520	0	807,331	70,033	5,255,232
186,597	234,047	0	380,548	64,220	5,071,731
142,491	412,796	0	457,778	51,023	5,429,837
146,215	242,834	0	118,417	89,306	4,932,443
139,290	195,955	0	152,138	11,087	4,966,311



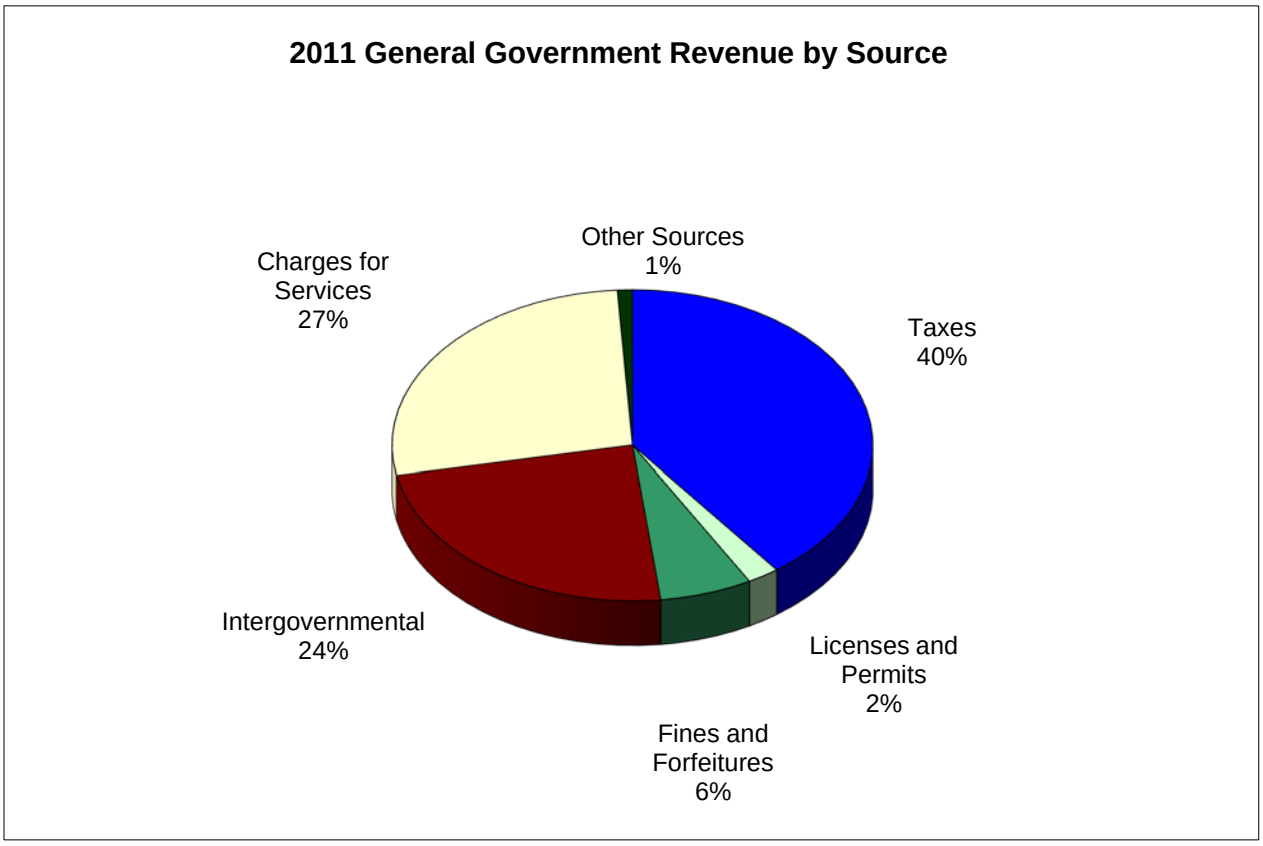
City of Elberton, Georgia

General Government Revenue by Source (1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Intergovernmental	Charges for Services	Other Sources	Total
2002	975,467	209,964	204,745	229,034	136,688	803,027	2,558,925
2003	1,068,344	145,342	217,840	61,207	1,088,954	30,812	2,612,499
2004	1,076,782	156,696	185,822	518,634	871,291	17,476	2,826,701
2005	1,080,056	181,532	159,359	512,753	948,741	18,550	2,900,991
2006	1,191,447	161,855	211,142	239,969	976,808	94,141	2,875,362
2007	1,300,551	99,693	202,083	788,416	650,277	192,187	3,233,207
2008	1,375,542	94,654	223,968	794,204	731,470	90,127	3,309,965
2009	1,264,618	100,084	203,387	1,406,679	760,032	52,958	3,787,758
2010	1,317,624	103,994	202,828	796,805	781,097	21,440	3,223,788
2011	1,251,941	67,553	195,234	747,837	853,456	31,792	3,147,813

Note (1): Includes general, special revenue, and capital projects funds.
Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to tax revenues.



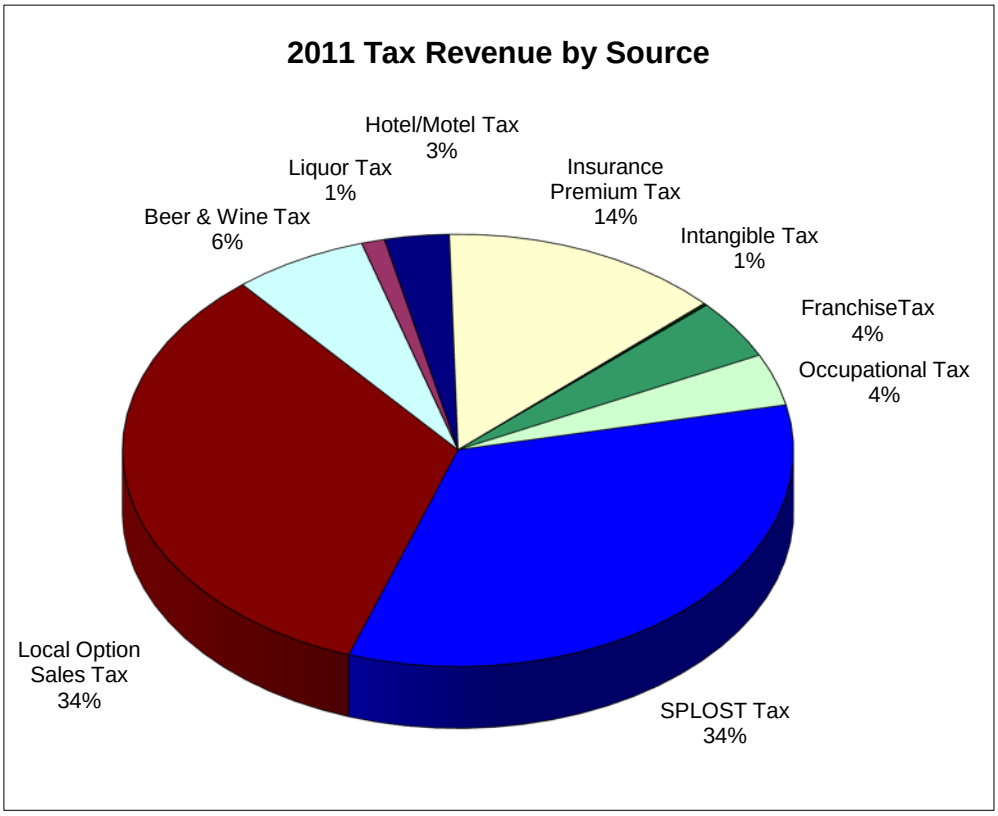
City of Elberton, Georgia

General Government Tax Revenues by Source

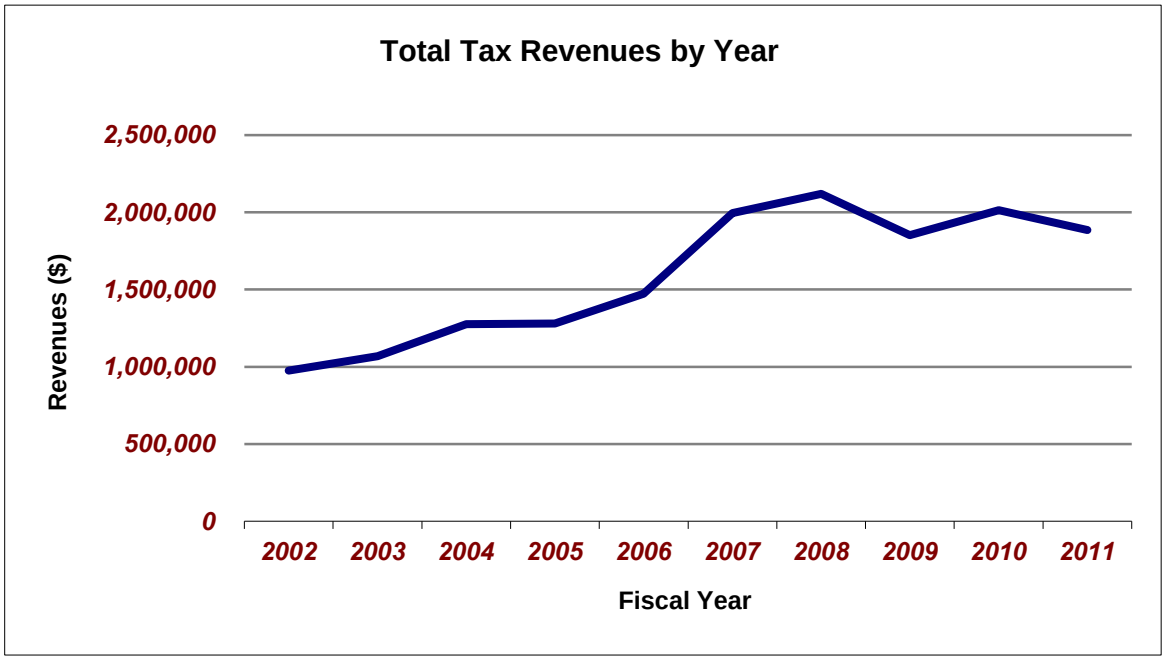
Last Ten Fiscal Years

Fiscal Year	Beer & Wine Tax	Liquor Tax	Hotel/Motel Tax (1)	Insurance Premium Tax	Intangible Tax
2002	134,445	30,226	60,721	172,285	16,808
2003	135,998	20,028	54,963	189,036	14,318
2004	126,741	20,931	67,007	203,736	13,047
2005	127,725	19,278	62,711	220,795	8,649
2006	122,343	29,911	71,052	237,546	7,593
2007	131,161	21,791	66,505	248,533	12,786
2008	139,457	19,332	69,510	259,247	8,847
2009	136,964	21,261	66,655	265,457	5,888
2010	120,035	21,359	72,661	262,968	3,829
2011	121,973	21,145	58,651	255,324	3,160

Note (1): Reported in the Hotel/Motel Tax Special Revenue Fund.
Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to tax revenues.
Note (3): Reported as intergovernmental revenue in the SPLOST Capital Projects Fund.



Franchise Tax	Occupational Tax (2)	SPLOST Tax (3)	Local Option Sales Tax	Total
0	0	0	560,982	975,467
72,575	0	0	581,426	1,068,344
74,159	0	200,000	571,161	1,276,782
80,446	0	200,000	560,452	1,280,056
82,846	80,697	200,000	640,156	1,472,144
83,545	90,545	693,843	645,685	1,994,394
87,815	85,683	743,377	705,651	2,118,919
88,790	85,706	588,533	593,897	1,853,151
86,620	79,349	696,942	670,803	2,014,566
84,338	73,352	634,095	633,998	1,886,036



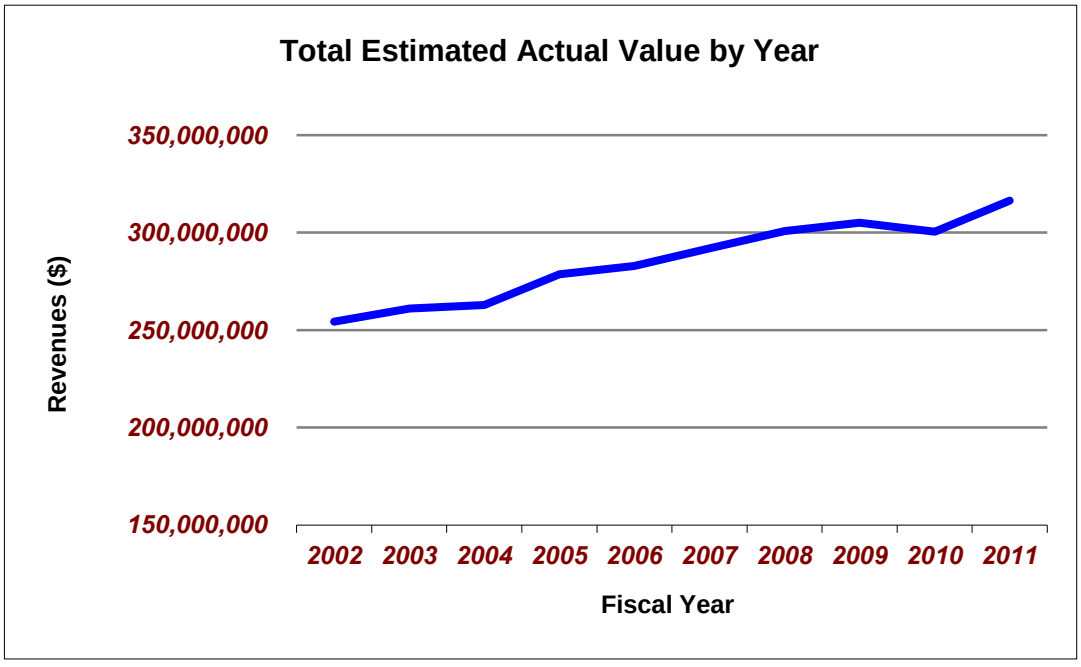
City of Elberton, Georgia

Assessed and Estimated Actual Value of Taxable Property

Digest Years 2002 - 2011

Calendar Year of Digest	Real Property	Motor Vehicles	Mobile Homes	Public Utilities
2002	89,932,529	9,222,990	488,623	2,108,558
2003	91,566,472	10,000,980	466,936	2,381,540
2004	92,170,957	9,279,990	416,656	3,307,767
2005	98,235,365	8,996,730	430,017	3,805,497
2006	100,688,999	8,769,030	399,757	3,298,572
2007	104,047,358	9,171,830	350,700	3,208,144
2008	107,376,047	9,413,060	336,820	3,207,627
2009	108,796,885	9,682,470	329,556	3,207,627
2010	109,001,131	8,183,060	332,583	2,697,887
2011	115,566,725	8,075,750	208,676	2,697,887

Source: Elbert County Tax Digest



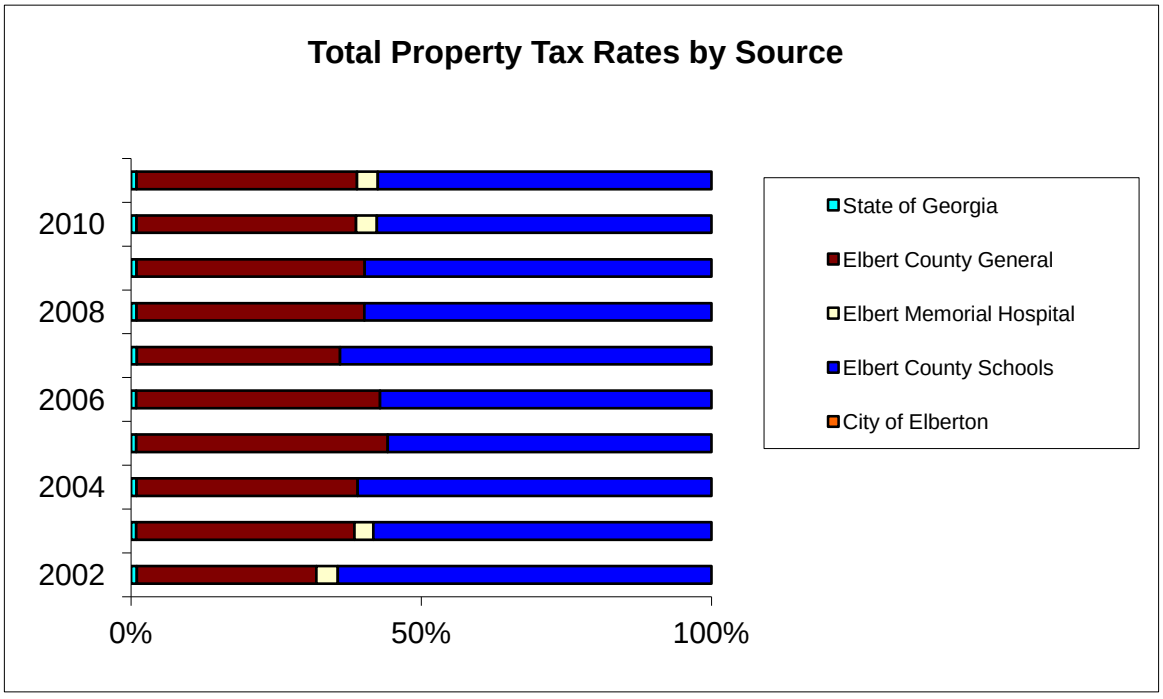
Total Property	Less: Exemptions	Total Taxable Property	Total Estimated Actual Value
101,752,700	(5,295,281)	96,457,419	254,381,750
104,415,928	(3,938,588)	100,477,340	261,039,820
105,175,370	(3,475,545)	101,699,825	262,938,425
111,467,609	(5,403,422)	106,064,187	278,669,023
113,156,358	(6,001,710)	107,154,648	282,890,895
116,778,032	(6,925,246)	109,852,786	291,945,080
120,333,554	(3,749,436)	116,584,118	300,833,885
122,016,538	(4,873,097)	117,143,441	305,041,345
120,214,661	(3,839,856)	116,374,805	300,536,653
126,549,038	(8,162,096)	118,386,942	316,372,595

City of Elberton, Georgia
Property Tax Rates
(per $1,000 of Assessed Value)
Digest Years 2002 - 2011

Calendar Year of Digest	State of Georgia	Elbert County (Incorporated area) Elbert County General	Elbert Memorial Hospital	Total County Tax Rate	Elbert County Schools	City of Elberton	Total Tax Rate
2002	0.25	7.98	0.96	8.93	16.61	0.00	25.79
2003	0.25	10.90	0.95	11.85	16.90	0.00	29.00
2004	0.25	10.40	0.00	10.40	16.65	0.00	27.30
2005	0.25	12.94	0.00	12.94	16.65	0.00	29.84
2006	0.25	11.94	0.00	11.94	16.23	0.00	28.42
2007	0.25	9.02	0.00	9.02	16.50	0.00	25.77
2008	0.25	10.50	0.00	10.50	16.01	0.00	26.76
2009	0.25	10.50	0.00	10.50	15.95	0.00	26.70
2010	0.25	10.50	1.00	11.50	16.00	0.00	27.74
2011	0.25	10.57	1.00	11.57	16.00	0.00	27.81

Source: Elbert County Tax Digest

Note (1): Tax rates are expressed in rate per $1,000.



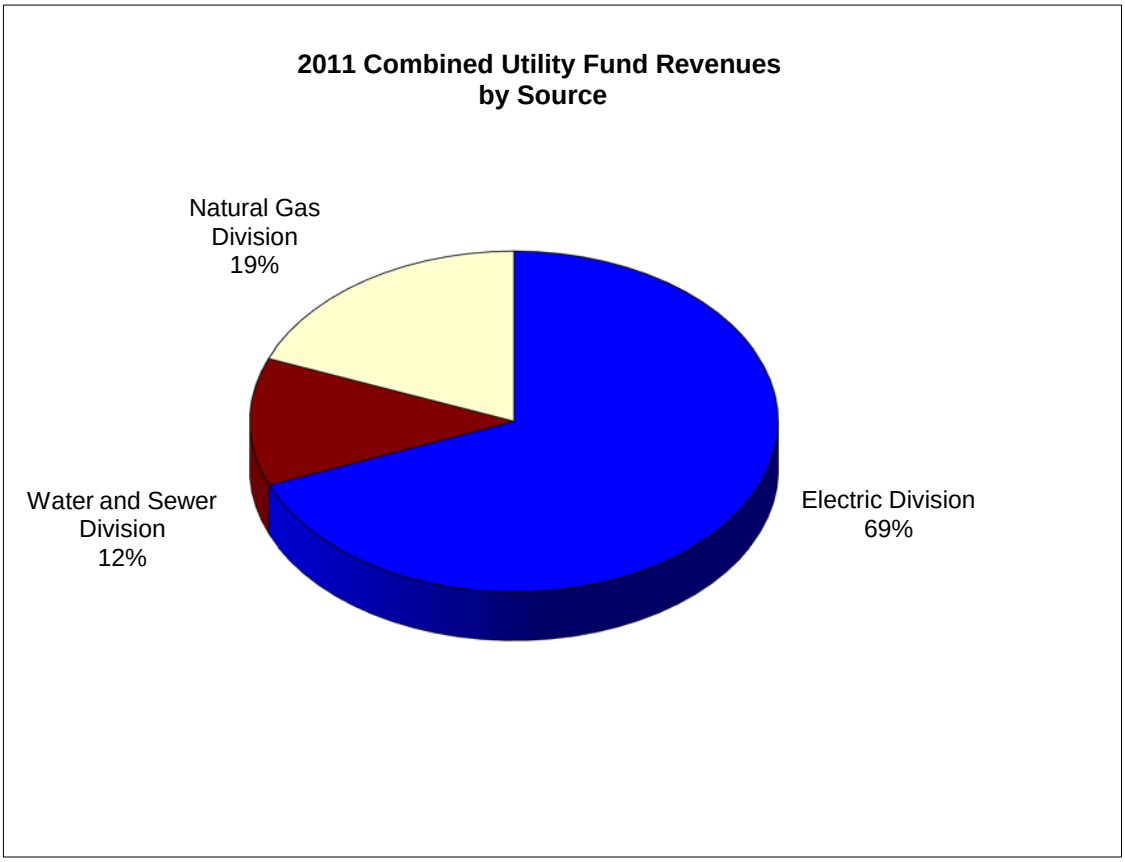
City of Elberton, Georgia

Combined Utility Fund Operating Revenue by Source

Last Ten Fiscal Years

Fiscal Year	Electric Division	Water and Sewer Division	Natural Gas Utility Division	Telecom-munications Division (1)	Total
2002	10,512,050	2,396,994	3,614,512	419,744	16,943,300
2003	10,851,432	2,311,742	4,646,927	539,471	18,349,572
2004	11,411,614	2,383,173	4,984,242	550,539	19,329,568
2005	11,955,573	2,575,875	5,350,327	538,207	20,419,982
2006	12,913,109	2,655,824	6,236,693	0	21,805,626
2007	13,771,411	2,919,135	5,394,928	0	22,085,474
2008	14,542,456	2,899,814	5,637,193	0	23,079,463
2009	14,469,316	2,885,781	5,288,635	0	22,643,732
2010	15,577,263	2,861,000	4,806,629	0	23,244,892
2011	15,737,432	2,783,284	4,335,416	0	22,856,132

Note (1): The telecommunications division first began operations in 1999 and did not earn revenues prior to fiscal year 1999. In fiscal year 2006, the telecommunications division was combined with broadband cable services in a separate enterprise fund.



City of Elberton, Georgia

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities: Capital Leases	Business-type Activities: Water & Sewer Bonds	Business-type Activities: Notes Payable	Business-type Activities: Capital Leases	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2002	0	13,000,000 [4]	0	9,046,436 [3]	22,046,432	4.89%	4,708
2003	0	12,570,000	0	8,559,123	21,129,123	4.72%	4,518
2004	0	12,125,000	0	7,805,107	19,930,107	4.19%	4,225
2005	117,939 [5]	11,670,000	0	7,012,126	18,800,060	3.80%	3,988
2006	71,821	11,195,000	0	6,203,501	17,470,322	3.40%	3,709
2007	166,916 [6]	10,705,000	0	5,504,241	16,376,151	2.92%	3,509
2008	150,078	10,195,000	0	4,781,435	15,126,513	2.56%	3,311
2009	104,540	9,665,000	0	3,774,468	13,544,008	2.32%	2,979
2010	17,950	9,110,000	0	4,082,771 [2]	13,210,721	N/A	2,841
2011	7,300	8,535,000	0	3,329,935	11,872,235	N/A	2,553

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note (1): See the Demographic Statistics on exhibit I-14 for personal income and population information.

Note (2): Capital leases to finance the expansion of the broadband and cable television distribution system.

Note (3): Capital leases to finance construction of a broadband and cable television distribution system.

Note (4): Series 2001 Revenue Bonds were issued for construction and improvements to the water and sewer systems and to pay off existing GEFA notes. These bonds are secured solely by the specified revenue sources of the utilities systems.

Note (5): Capital lease to purchase a new street sweeper for the public works department.

Note (6): Increase to capital leases due to two new leases through Georgia Municipal Association for vehicle purchases.

City of Elberton, Georgia
Computation of Legal Debt Margin
June 30, 2011

Net assessed value	$	118,386,942
Debt limit - 10% of total assessed value		11,838,694
Total General Obligation bonds outstanding		0
Legal debt margin	$	11,838,694
Ratio of Legal Debt Margin to Debt Limit		100.00%

Direct General Obligation and Guaranteed Revenue Debt Outstanding

			Debt per Capita	
General Obligation Debt	$	0	$	0
Guaranteed Revenue Debt:				
Series 2001 Combined Public Utility System Revenue Bonds		8,535,000		1,834
Total General Obligation and Guaranteed Revenue Debt	$	8,535,000	$	1,834

City of Elberton
Legal Debt Margin Information
Last Nine Fiscal Years

	FISCAL YEAR		
	2011	2010	2009
Debt Limit	$ 11,838,694	$ 11,637,481	$ 11,714,344
Total Net Debt applicable to limit	0	0	0
Legal debt margin	11,838,694	11,637,481	11,714,344
Ratio of Legal Debt Margin to Debt Limit	100%	100%	100%

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
$ 11,658,412	$ 10,985,279	$ 10,715,465	$ 10,606,419	$ 9,919,099	$ 9,649,400
0	0	0	0	0	0
11,658,412	10,985,279	10,715,465	10,606,419	9,919,099	9,649,400
100%	100%	100%	100%	100%	100%

City of Elberton, Georgia

Revenue Bond Coverage

1988 Series Bonds for Water & Sewer Division

2001 Series Bonds for Water & Sewer Division

Combined Public Utility System Fund

Last Ten Fiscal Years

Fiscal Years	Debt Service			Water & Sewer Division			
	Principal	Interest	Total	Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
2002	0	429,129	429,129	2,396,994	1,083,228	1,313,766	3.06
2003	430,000	579,362	1,009,362	2,311,742	1,408,120	903,622	0.90
2004	445,000	566,149	1,011,149	2,383,173	1,742,960	640,213	0.63
2005	455,000	552,194	1,007,194	2,575,875	1,966,526	609,349	0.60
2006	475,000	536,839	1,011,839	2,655,824	2,230,100	425,724	0.42
2007	490,000	522,683	1,012,683	2,919,135	2,651,871	267,264	0.26
2008	510,000	504,532	1,014,532	2,899,814	2,300,512	599,302	0.59
2009	530,000	483,680	1,013,680	2,885,781	2,474,822	410,959	0.41
2010	555,000	459,515	1,014,515	2,861,000	2,468,746	392,254	0.39
2011	575,000	434,714	1,009,714	2,783,284	2,492,082	291,202	0.29

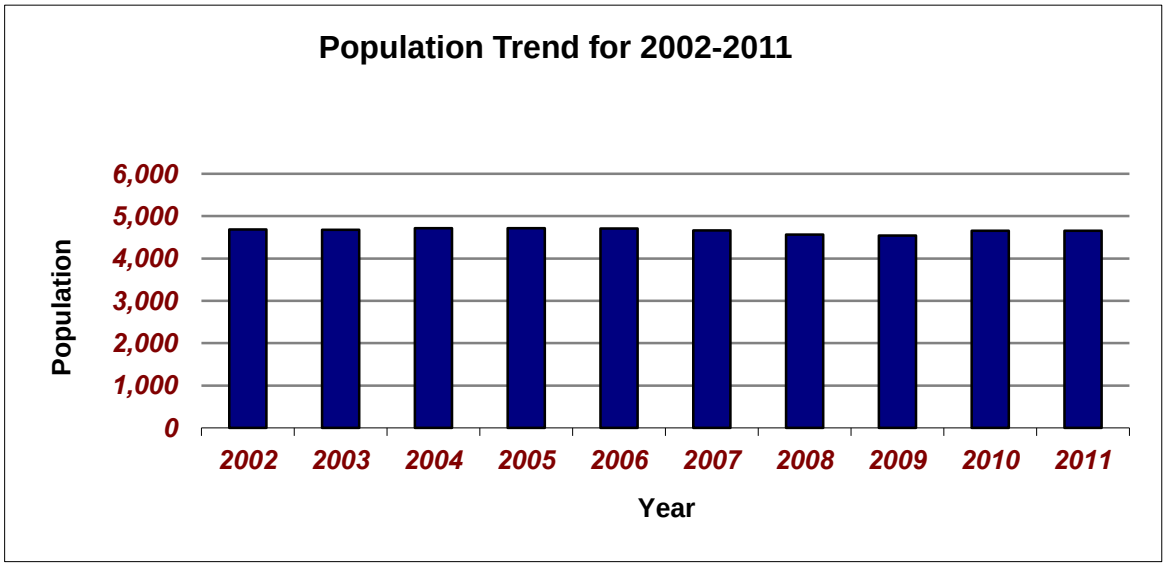
Combined Public Utility System Fund			
Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
16,943,300	13,535,348	3,407,952	7.94
18,349,572	15,535,832	2,813,740	2.79
19,329,568	16,157,187	3,172,381	3.14
20,419,982	16,988,617	3,431,365	3.41
21,805,626	18,753,890	3,051,736	3.02
22,085,474	19,389,273	2,696,201	2.66
23,079,463	19,259,740	3,819,723	3.77
22,643,732	18,673,234	3,970,498	3.92
23,244,892	17,542,823	5,702,069	5.62
22,856,132	18,194,895	4,661,237	4.62

City of Elberton, Georgia
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Unemployment Rate (2)	Median Household Income (3)	Per Capita Income (3)	Total Personal Income (4) (amounts in thousands)	School Enrollment (5)
2002	4,683	5.6%	29,219	21,805	450,456	3,786
2003	4,677	5.7%	29,776	21,555	447,660	3,728
2004	4,717	5.2%	30,322	22,253	475,558	3,704
2005	4,714	7.0%	30,871	23,906	494,464	3,588
2006	4,710	7.1%	32,287	24,942	514,561	3,481
2007	4,667	6.5%	33,344	27,199	560,650	3,437
2008	4,568	5.8%	34,986	28,725	591,019	3,358
2009	4,546	11.7%	32,865	28,615	582,954	3,424
2010	4,653	12.4%	N/A	N/A	N/A	3,341
2011	4,653	14.6%	N/A	N/A	N/A	3,278

(1) U. S. Census Bureau
(2) Georgia Department of Labor, for entire Elbert County
(3) U. S. Census Bureau, for entire Elbert County
(4) U.S. Department of Commerce Bureau of Economic Analysis, for entire Elbert County
(5) Elbert County Board of Education, for entire Elbert County

N/A = information not available



City of Elberton, Georgia

Principal Employers

For the Current Year and Nine Years Ago

Employer	2011 Number of Employees (1)	2011 Rank	2011 Percentage of Total for Principal Employers	2002 Number of Employees (2)	2002 Rank	2002 Percentage of Total for Principal Employers
Pilgrims Pride Corp	588	1	40.61%			
Bubba Foods	122	2	8.43%			
Elbert Memorial Hospital	117	3	8.08%			
Star Granite Company	115	4	7.94%			
Wal-Mart	111	5	7.67%	135	4	7.50%
Pinnacle Bank	91	6	6.28%	67	7	3.72%
Keystone Memorials	89	7	6.15%			
Eagle Granite Company	77	8	5.32%			
Everlasting Granite	71	9	4.90%			
MollerTech South LLC	67	10	4.63%			
Conagra				600	1	33.31%
Honeywell				427	2	23.71%
Glen Raven Mills				206	3	11.44%
En-Q Plastics				120	5	6.66%
Ten Cate Nicolon				78	6	4.33%
Turner Concrete				65	8	3.61%
Whilow Electric				62	9	3.44%
Martin Fireproofing				41	10	2.28%
Total for Principal Employers	1,448		100%	1,801		100%

Source:
(1) City of Elberton
(2) Elbert County Chamber of Commerce
Note: Governmental employers are not included in the ranking

City of Elberton

Full-time Equivalent Employees by Function

Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30			
	2011	2010	2009	2008
Function				
Primary government				
General Government	6	7	8	8
Judicial	1	1	1	1
Public Safety				
Animal Control	1	1	1	1
Police	22	23	22	22
Fire	16	19	19	19
Public Works	14	14	15	16
Culture and Recreation	1	1	1	1
Housing and Development	2	2	2	2
Combined Public Utilities	48	48	48	48
ElbertonNET Technology Services	6	6	7	7
Solid Waste	11	11	11	11
Total primary government	128	133	135	136
Component unit				
Downtown Development Authority	1	1	1	1
Total employees	129	134	136	137

Source: City of Elberton Annual Budget

Full-time Equivalent Employees as of June 30					
2007	**2006**	**2005**	**2004**	**2003**	**2002**
8	13	12	13	12	11
1	1	1	1	1	0
1	1	1	1	1	1
22	22	22	22	27	26
19	19	19	15	19	19
16	15	16	16	16	15
1	0	0	0	0	0
1	2	2	2	1	1
48	44	47	49	47	49
7	4	5	5	5	1
11	11	11	11	11	11
135	132	136	135	140	134
1	1	1	1	1	1
136	133	137	136	141	135

City of Elberton, Georgia
Operating Indicators by Function
Last Nine Fiscal Years

Function	FISCAL YEAR 2011	2010	2009
Police			
Number of Citations	2,529	2,095	2,203
Number of Calls for Service	8,542	4,852	5,218
Fire			
Number of Calls Answered	295	299	255
Number of Inspections Conducted	288	316	534
Electrical Service:			
Number of customers	4,484	4,508	4,554
Kilowatt hours sold	149,315,808	149,630,117	151,699,419
Water & Sewer Service:			
Number of water customers	3,524	3,521	3,553
Gallons of water sold	451,648,930	469,613,481	478,893,842
Natural Gas Service:			
Number of customers	4,036	4,069	4,091
Cubic feet sold	374,576,000	428,663,000	397,483,000

Source: Various City Departments
N/A= Information is not available.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
2,510	1,998	2,013	2,462	1,392	1,459
4,125	4,227	4,199	6,522	6,344	3,435
307	280	266	264	281	N/A
407	252	220	121	135	N/A
4,571	4,593	4,616	4,615	4,621	4,667
155,845,065	158,921,697	161,500,250	159,404,230	158,550,136	150,709,415
3,553	3,561	3,510	3,500	3,497	3,504
503,882,368	536,608,535	515,502,430	509,652,612	545,894,000	505,840,375
4,133	4,181	4,239	4,265	4,301	4,313
408,918,410	405,554,000	395,059,000	424,140,000	465,022,000	496,843,000

City of Elberton
Capital Asset Statistics by Function
Last Nine Fiscal Years

	FISCAL YEAR		
	2011 [3]	2010	2009
Function			
Public safety			
Number of police stations	1	1	1
Number of fire stations	1	1	1
Highways and streets			
Miles of streets	35	35	35
Culture and Recreation			
Parks	4	4	4
Park acreage	29.42	29.42	29.42
Baseball/Softball fields	4	4	4
Tennis courts	6	6	6
Community Playgrounds	4	3	3
Electrical System			
# of Substations	3	3	3
# of Circuits	12	12	12
Miles of Distribution Line	163	163	163
Water and Sewerage System			
(MGD - Millions of Gallons per Day)			
Water System:			
Miles of water mains	121	107	107
Number of water treatment plants	1	1	1
Maximum daily capacity of treatment plants in gallons	3MGD	3MGD	3MGD
Sewer System:			
Miles of sanitary sewers	68	62	62
Number of wastewater treatment plants	2	2	2
Maximum daily capacity of treatment plant in gallons	1.5MGD	1.5MGD	1.5MGD
Natural Gas System			
Number of regulator stations	7	7	7
Miles of natural gas lines	192	182	181
Broadband System			
Miles of fiber optics	99	95	70
Miles of coaxial cable	151	151	106
Number of active nodes	21	21	15

Source: Various City Departments.

Note 1: No capital asset indicators are available for the general government function.

Note 2: Comparative information prior to fiscal year 2003 is not available.

Note 3: Miles of water and santiary sewer mains were verified and updated in 2011 utilizing new GIS software. Actual extensions did not occur in 2011.

FISCAL YEAR					
2008	2007	2006	2005	2004	2003
1	1	1	1	1	1
1	1	1	1	1	1
35	35	35	35	35	35
4	4	4	4	4	4
29.42	29.42	29.42	29.42	29.42	29.42
4	4	4	4	4	4
6	6	6	6	6	6
3	3	2	2	2	2
3	3	3	3	3	3
11	11	11	11	11	11
162	162	162	162	162	162
107	107	104	104	103	103
1	1	1	1	1	1
3MGD	3MGD	3MGD	3MGD	3MGD	3MGD
62	62	62	62	62	62
2	2	2	2	2	2
1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD
7	7	7	7	7	7
181	181	169	169	169	169
65	65	65	65	65	65
96	92	92	92	92	92
14	14	14	14	14	14

City of Elberton, Georgia
Property Value - Construction
Last Ten Fiscal Years

Fiscal Year	Number of Permits	Estimated Construction Costs
2002	206	10,020,920
2003	209	1,413,072
2004	250	1,911,519
2005	305	4,430,762
2006	210	2,802,569
2007	289	3,973,644
2008	411	3,077,483
2009	450	3,398,222
2010	197	7,445,351
2011	188	1,419,547

Source: City of Elberton Building Inspection Office

City of Elberton, Georgia
Miscellaneous Statistics
June 30, 2011

Date of incorporation	December 10, 1803
Form of government	Mayor--Council--Manager
Population (Census 2010)	4,653
Area	3.5 square miles
Fire protection:	
Number of certified firefighters	17
Police protection:	
Number of sworn police officers	21
Education:	
Elementary schools (PreK - 5)	2
Number of teachers	51
Number of students	690
Middle schools (6 - 8)	1
Number of teachers	54
Number of students	731
High schools (9 - 12)	1
Number of teachers	69
Number of students	870
Schools of post-secondary education	1
Recreation and Culture:	
Libraries	1
Recreation centers	4
Municipal cemeteries	2
Total acreage	24.10
Number of employees:	
Full-time	128
Part-time	15

Source: Various city departments and local institutions

Part IV

Other Reporting Section

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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 Elberton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Elberton, Georgia's the basic financial statements and have issued our report thereon dated October 28, 2011. 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.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elberton, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters involving the internal control over financial reporting that we have reported to management of the City of Elberton, Georgia in a separate letter dated October 28, 2011.

This report is intended solely for the information and use of the City Council, management, others within the organization, State of Georgia Departments of Audits and Accounts, and Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 28, 2011

CITY OF ELBERTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2006 SPLOST					
Infrastructure Improvements	$ 830,000	$ 830,000	$ 501,097	$ 91,516	$ 592,613
Elbert Theatre Improvements	145,000	145,000	272,122	0	272,122
Public Safety Building Improvements and Equipment	525,000	525,000	778,218	60,622	838,840
Water and Sewer Distribution System Improvements	1,400,000	1,400,000	927,719	115,016	1,042,735
Total	$ 2,900,000	$ 2,900,000	$ 2,479,156	$ 267,154	$ 2,746,310

* Estimated cost represents the portion of these projects to be financed with Special Purpose Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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