

City of Elberton, Georgia

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2012

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, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION:

		Page(s)
	Table of Contents	i-vi
	Certificate of Achievement for Excellence in Financial Reporting	vii
	Principal Officials	viii
	City of Elberton Organizational Chart	ix
	Letter of Transmittal	x-xiii

FINANCIAL SECTION:

	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-12

BASIC FINANCIAL STATEMENTS

Exhibit		
	Government-wide Statements	
A-1	Statement of Net Assets	13-14
A-2	Statement of Activities	15
	Fund Financial Statements	
A-3	Balance Sheet – Governmental Funds	16
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund	20-21
A-8	Statement of Net Assets – Proprietary Funds	22-23
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	24

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements, continued

Exhibit		Page(s)
A-10	Statement of Cash Flows – Proprietary Funds	**25-26**
A-11	Statement of Fiduciary Assets and Liabilities	**27**
A-12	**Notes to the Financial Statements**	**28-62**

Item #		Page #
1.	Description of Government Unit	**28**
2.	Summary of Significant Accounting Policies	**28-40**
3.	Deposit and Investment Risk	**41-42**
4.	Accounts Receivable	**43**
5.	Intergovernmental Receivables	**43**
6.	Interfund Receivables, Payables, and Transfers	**44-45**
7.	Intradepartmental Billings	**45**
8.	Capital Assets	**46-47**
9.	Capital and Operating Leases Agreements	**48**
10.	Long-Term Debt	**49-51**
11.	Landfill Closure and Post Closure Care Costs	**51-52**
12.	Bond Refunding	**52**
13.	Deficit Equity Balances	**53**
14.	Changes in Beginning Balances	**53**
15.	Risk Management and Self-Insurance	**53-54**
16.	Pension Plan	**54-57**
17.	Deferred Compensation Plan	**58**
18.	Post Employment Health Care Benefits	**59**
19.	Hotel/Motel Lodging Tax	**59**
20.	Joint Ventures	**59-60**
21.	Related Organizations	**60**
22.	Commitments and Contingencies	**60-62**

Table of Contents, continued

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Exhibit		Page(s)
B-1	Combining Balance Sheet – Nonmajor Governmental Funds	**63-64**
B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	**65-66**
	GENERAL FUND	
C-1	Comparative Balance Sheets	**67**
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**68**
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	**69**
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	**70-74**
	SPECIAL REVENUE FUND	
D-1	Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets	**75**
D-2	Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**76**
D-3	Revolving Loan Special Revenue Fund Comparative Balance Sheets	**77**
D-4	Revolving Loan Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**78**
	CAPITAL PROJECTS FUNDS	
E-1	2006 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets	**79**
E-2	2006 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**80**
E-3	2011 Special Purpose Local Option Sales Tax Capital Projects Fund Balance Sheet	**81**
E-4	2011 Special Purpose Local Option Sales Tax Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balances	**82**

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page(s)
F-1	Combined Public Utility System Enterprise Fund Comparative Statements of Net Assets	**83-84**
F-2	Combined Public Utility System Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**85**
F-3	Combined Public Utility System Enterprise Fund - Electric Utility Department - Comparative Schedules of Revenues, Expenses and Changes in Net Assets	**86**
F-4	Combined Public Utility System Enterprise Fund - Water and Sewer Utility Department - Comparative Schedules of Revenues, Expenses and Changes in Net Assets	**87**
F-5	Combined Public Utility System Enterprise Fund - Natural Gas Utility Department - Comparative Schedules of Revenues, Expenses and Changes in Net Assets	**88**
F-6	Combined Public Utility System Enterprise Fund Comparative Statements of Cash Flows	**89-90**
F-7	Industrial Park Enterprise Fund Comparative Statements of Net Assets	**91**
F-8	Industrial Park Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**92**
F-9	Industrial Park Enterprise Fund Comparative Statements of Cash Flows	**93**
F-10	Solid Waste Enterprise Fund Comparative Statements of Net Assets	**94**
F-11	Solid Waste Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**95**
F-12	Solid Waste Enterprise Fund Comparative Statements of Cash Flows	**96**
F-13	ElbertonNET Technology Services Enterprise Fund Comparative Statements of Net Assets	**97**
F-14	ElbertonNET Technology Services Enterprise Fund Comparative Statements Revenues, Expenses, and Changes in Net Assets	**98**
F-15	ElbertonNET Technology Services Enterprise Fund Comparative Statements of Cash Flows	**99**

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page(s)
	AGENCY FUND	
G-1	Municipal Court Agency Fund Comparative Statements of Assets and Liabilities	**100**
G-2	Municipal Court Agency Fund Statement of Changes in Assets and Liabilities	**101**
	COMPONENT UNIT	
H-1	Downtown Development Authority Comparative Balance Sheets	**102**
H-2	Downtown Development Authority Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**103**

STATISTICAL SECTION:

	FINANCIAL TRENDS	
I-1	Net Assets by Component – Last Ten Fiscal Years	**104-105**
I-2	Changes in Net Assets – Last Ten Fiscal Years	**106-109**
I-3	Fund Balances of Governmental Funds – Last Ten Fiscal Years	**110-111**
I-4	Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	**112-113**
I-5	General Government Expenditures by Function – Last Ten Fiscal Years	**114-115**
I-6	General Government Revenues by Source – Last Ten Fiscal Years	**116**
I-7	General Government Tax Revenues by Source – Last Ten Fiscal Years	**117-118**
	REVENUE CAPACITY	
I-8	Assessed and Estimated Actual Value of Taxable Property – Last Ten Calendar Years	**119-120**
I-9	Property Tax Rates – Direct and Overlapping Governments – Last Ten Calendar Years	**121**
I-10	Combined Public Utility Fund Operating Revenue by Source – Last Ten Fiscal Years	**122**

Table of Contents, continued

STATISTICAL SECTION (continued):

Exhibit		Page(s)
	DEBT CAPACITY	
I-11	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	**123**
I-12	Computation of Legal Debt Margin	**124**
I-13	Legal Debt Margin Information – Last Ten Fiscal Years	**125-126**
I-14	Revenue Bond Coverage – Last Ten Fiscal Years	**127-128**
	DEMOGRAPHIC AND ECONOMIC INFORMATION	
I-15	Demographic Statistics – Last Ten Fiscal Years	**129**
I-16	Principal Employers – Current Year and Nine Years Ago	**130**
	OPERATING INFORMATION	
I-17	Full-time Equivalent Employees by Function – Last Ten Fiscal Years	**131-132**
I-18	Operating Indicators by Function – Last Ten Fiscal Years	**133-134**
I-19	Capital Asset Statistics by Function – Last Ten Fiscal Years	**135-136**
	OTHER INFORMATION	
I-20	Property Values – Construction – Last Ten Fiscal Years	**137**
I-21	Miscellaneous Statistics	**138**

OTHER REPORTING SECTION:

	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On a Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*	**138-139**
J-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**140**

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, 2011

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.



Christopher P Morrill

President

Jeffrey R. Esser

Executive Director

CITY OF ELBERTON, GEORGIA

CITY OFFICIALS

June 30, 2012

MAYOR
Larry L. Guest

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

CITY MANAGER
Lanier W. Dunn, CPA

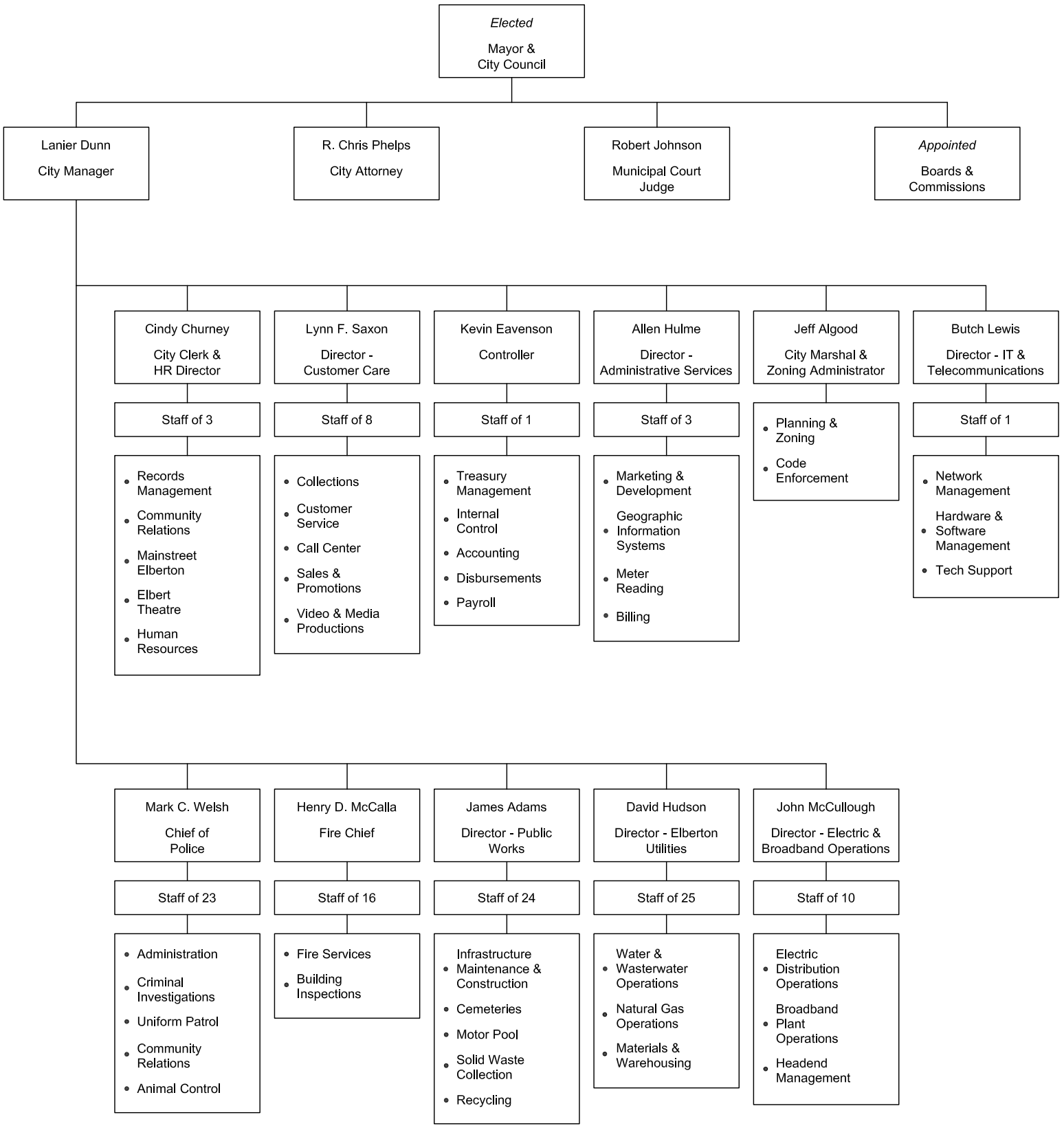
CITY ATTORNEY
R. Chris Phelps

MUNICIPAL COURT JUDGE
Robert A. Johnson

City of Elberton, Ga.

Organizational Chart

as of June 30, 2012



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

November 6, 2012

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, 2012, 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 2012.

The City of Elberton began receiving proceeds from the 2011 special purpose local option sales tax in fiscal year 2012. This special sales tax, approved by Elbert County voters, was budgeted to fund $3.8 million of capital projects over the next five years in the City of Elberton. The proceeds from the 2011 special purpose local option sales tax are scheduled to conclude in July of 2016. The City also continues to fund projects from the 2006 special purpose local option sales tax that was concluded in July of 2011. Several capital projects during fiscal year 2012 were funded by the 2006 and 2011 sales tax including the completion of 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. Additionally, the sales taxes were used to complete the Forest Avenue culvert replacement project, the purchase of the old Samuel Elbert hotel near the downtown square, and the purchase and installation of a new software billing system for utility billing, customer information, financial reporting, payroll, and accounts payable.

The divisions of Elberton Utilities initiated several projects in fiscal year 2012 that are part of long term renewal plans. The electric division continues construction on the Lexington Hwy. electric line rehabilitation project which will increase the longevity and reliability of the line. Additionally, the electric division completed a line rehabilitation project from Substation #1 to Mill Street. The natural gas division has completed improvements including a bare steel line replacement project on Heard Street and extensions to serve several poultry farms as new customers.

ElbertonNET was able to continue the expansion of the current system by extending service to several small areas of the county. The department also completed the construction of underground service inside Richard B. Russell State Park. Lastly, ElbertonNET continued to

install more headend equipment upgrades during the fiscal year to accommodate cable television upgrades, higher bandwidth needs, and Internet usage growth.

AWARDS AND ACKNOWLEDGEMENTS

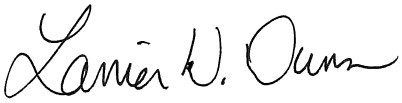
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elberton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011, for the ninth consecutive 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, 2012, 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, 2012, and the respective changes in financial position and where applicable, cash flows, and the respective 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 November 6, 2012, 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 nonmajor 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 nonmajor 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Elberton, Georgia's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated October 28, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elberton, Georgia's financial statements as a whole. The combining and individual fund financial statements and schedules, related to the 2011 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 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 2011 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 6, 2012

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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, 2012. 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 $30.5 million (reported as "*net assets*"). Of this amount, $6.5 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 $1,213,758 as a result of this year's activities.
- The City's governmental funds report combined ending fund balances of $1,765,836. Approximately 38% of this amount, $663,004, 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 $24.7 million at the end of the fiscal year, an increase of $1,260,108 as a result of the current year's operations.
- The City's liabilities totaled $13.8 million on June 30, 2012. Most of these liabilities (79% or $10.9 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 five 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 three 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.

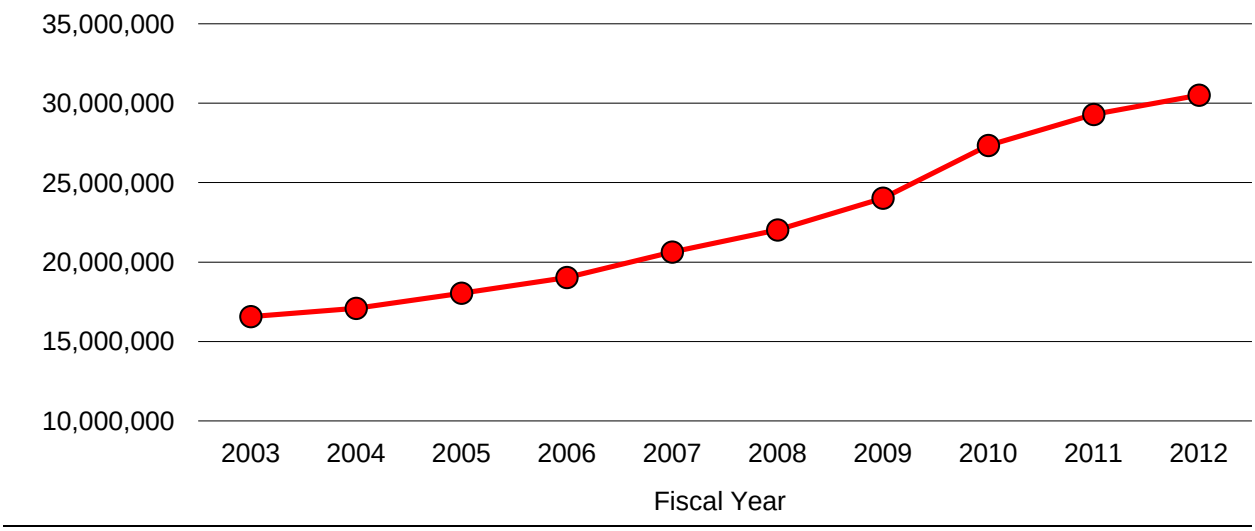
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $30,506,072 at the close of the most recent fiscal year.

City of Elberton
Net Assets as of June 30, 2012 and 2011
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	$ 1,948	$ 2,334	$ 10,572	$ 10,253	$ 12,520	$ 12,587
Net Capital Assets	4,475	4,146	27,310	27,421	31,785	31,567
Total Assets	6,423	6,480	37,882	37,674	44,305	44,154
Long-term Liabilities	329	362	9,360	10,540	9,689	10,902
Other Liabilities	304	282	3,806	3,678	4,110	3,960
Total Liabilities	633	644	13,166	14,218	13,799	14,862
Invested in Capital Assets, net of related debt	4,475	4,139	16,525	15,555	21,000	19,694
Restricted Net Assets	941	1,215	2,020	1,383	2,961	2,598
Unrestricted Net Assets	374	483	6,170	6,517	6,544	7,000
Total Net Assets	$ 5,790	$ 5,837	$ 24,715	$ 23,455	$ 30,505	$ 29,292

Total Net Asset Balances – Ten Fiscal Years



The largest portion of the City's net assets (69%) 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 $2,961,235 are constrained by legal requirements and are not available for day-to-day operations of the City. The remaining balance of *unrestricted net assets* ($6,544,843) 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 $6,170,317 at the end of the

fiscal year. The portion of unrestricted net assets resulting from the City's governmental activities was $374,526 at the close of the fiscal year.

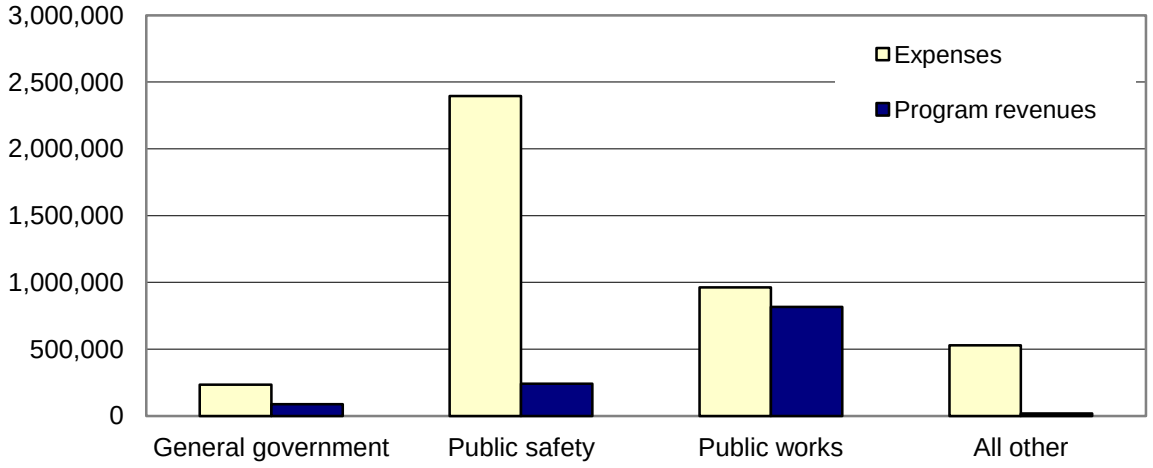
The City's net assets increased by $1,213,758 during the current fiscal year. Governmental activities resulted in a decrease in net assets of $46,350 while business-type activities resulted in an increase of net assets of $1,260,108. The following table was derived from the government-wide Statement 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, 2012 and 2011
(in Thousands)

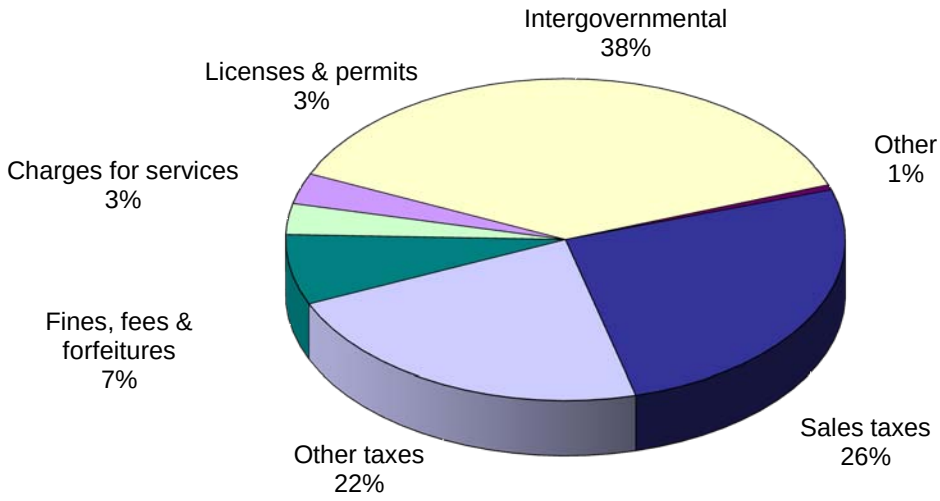
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	$ 303	$ 368	$ 25,336	$ 26,033	$ 25,639	$ 26,401
Operating Grants and Contributions	63	44	0	0	63	44
Capital Grants and Contributions	798	715	258	39	1,056	754
General Revenues:						
Taxes	1,180	1,252	0	0	1,180	1,252
Interest and Investment Earnings	2	2	39	34	41	36
Miscellaneous	9	28	20	27	29	55
Total Revenues	2,355	2,409	25,653	26,133	28,008	28,542
Expenses:						
General Government	698	784	0	0	698	784
Judicial	104	100	0	0	104	100
Public Safety	2,395	2,509	0	0	2,395	2,509
Public Works	1,166	1,155	0	0	1,166	1,155
Health and Welfare	9	12	0	0	9	12
Culture and Recreation	167	164	0	0	167	164
Housing and Development	248	205	0	0	248	205
Interest on long-term debt	0	1	0	0	0	1
Combined Public Utilities	0	0	18,615	18,009	18,615	18,009
ElbertonNET Technology Services	0	0	2,624	2,435	2,624	2,435
Industrial Park	0	0	0	459	0	459
Solid Waste	0	0	769	757	769	757
Total Expenses	4,787	4,930	22,008	21,660	26,795	26,590
Indirect Cost Allocation	(669)	(749)	669	749	0	0
Increase (Dec) in Net Assets Before Transfers	(1,763)	(1,772)	2,976	3,724	1,213	1,953
Transfers	1,716	2,315	(1,716)	(2,315)	0	0
Change in Net Assets	(47)	544	1,260	1,409	1,213	1,953
Net Assets - July 1	5,837	5,293	23,455	22,047	29,292	27,340
Net Assets - June 30	$ 5,790	$ 5,837	$ 24,715	$ 23,456	$ 30,505	$ 29,293

Governmental Activities. Governmental activities decreased the net assets of the City by $46,350. Revenues for the City's governmental activities decreased by 2.2% ($53,134) under fiscal year 2011. Expenses for governmental activities decreased by 1.5% ($61,938) during fiscal year 2012.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



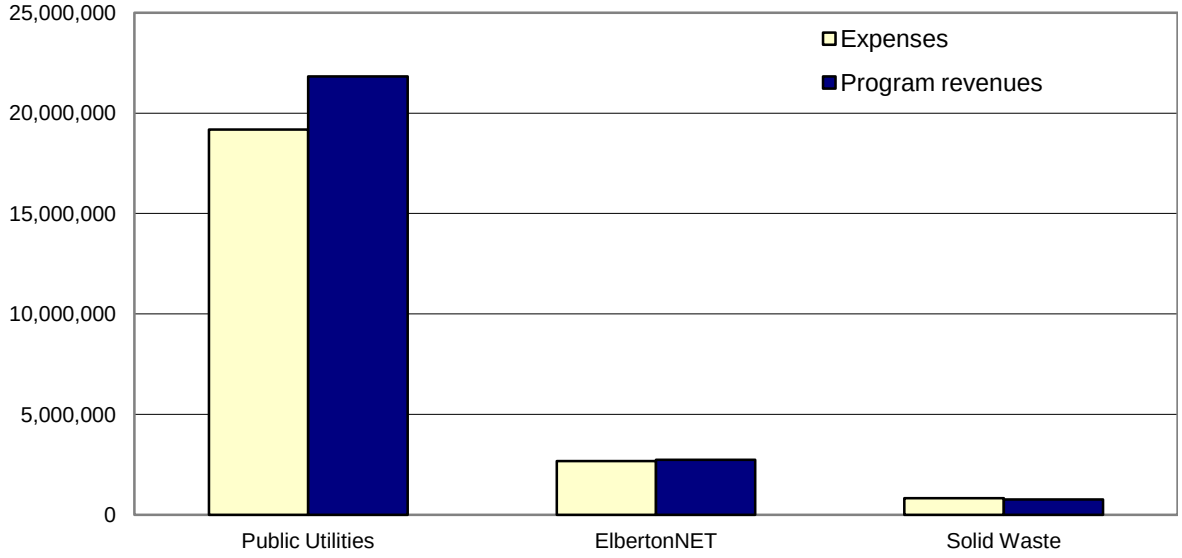
Business-type activities. Business-type activities increased the City's net assets by $1,260,108. Key elements of this increase are as follows:

- Sales for business-type activities were $25.4 million, which was a decrease of $705,724 under the prior fiscal year sales.
- Sales in the combined public utility fund for electric, water, sewer, and natural gas services decreased by $1,013,632 or 4.4% under last fiscal year. Electric sales decreased 1.0%, natural gas sales declined by 20.5%, and water/sewer sales increased by 1.5%. Natural gas sales decreased due to a 12% decrease in units sold compared to the previous year. This

decline was primarily due to a decrease in consumption during the unusually mild winter of 2012.

- Income in the combined public utility fund before transfers to the general fund was $2.8 million, or 57% lower than last year's income of $4.3 million. Again, this dramatic decrease is primarily attributed to the unusually mild winter of 2012 which significantly affected the sales of the electric and gas divisions of the combined public utility fund.
- The ElbertonNET technology services enterprise fund experienced sales of $2,740,805, an increase of 14% over the prior year sales of $2,401,396. This was primarily due to the increase in the customer base from various small expansions to the current system and a continued effort in recruitment of customers in our current serving areas.
- Sales for the Solid Waste operations decreased by $31,501, a 3.9% decrease 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 five governmental funds: the general fund, the 2006 special purpose local option sales tax (SPLOST) capital projects fund, the 2011 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 $821,909 a decrease of $150,598 or 15.5% in comparison with the prior year. Approximately 81% of this amount ($663,004) 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 14.6% 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 $2,150,000, which is $103,500 less than the transfer in fiscal year 2011.

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, 2012

	Combined Public Utility System	ElbertonNET Tech Services	Solid Waste	Total
Operating Revenues	$ 21,842,500	$ 2,740,805	$ 769,818	$ 25,353,123
Operating Expenses	18,786,633	2,536,683	824,591	22,147,907
Operating income (loss)	3,055,867	204,122	(54,773)	3,205,216
Non-operating income (loss)	(297,238)	68,858	(238)	(228,618)
Transfers in (out)	(2,132,774)	416,284	0	(1,716,490)
Change in net assets	625,855	689,264	(55,011)	1,260,108
Net Assets, July 1	24,607,421	(1,337,042)	185,312	23,455,691
Net Assets, June 30	$ 25,233,276	$ (647,778)	$ 130,301	$ 24,715,799

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one budget amendment approved during the fiscal year to account for revenues and expenditures that were not planned in the original budget. Total appropriations increased by $53,000 between the original budget and the final amended budget for grant revenues received and expended in the fiscal year but not originally budgeted.

General fund revenues ended the year at 11%, or $276,372, below budget. However, expenditures in the general fund were $188,620, or 4%, 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, 2012, amounts to $31,785,293 (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 $2,123,099 in new capital assets. Investment for business-type activities totaled $1,428,810 while $694,289 was for governmental activities. Major capital asset events during the current fiscal year included the following:

Governmental Activities - $694,289 total

- $24,836 for the purchase of land next to the Arts Center at 25 W. Church Street
- $95,346 for the construction of the Jones Street sidewalk project
- $269,910 for the construction of the Forest Avenue culvert replacement project
- $14,425 for the purchase of a storage building for the Elbert Theatre
- $199,548 for the purchase of the Samuel Elbert Hotel near the downtown square
- $18,060 for the installation of energy efficiency improvements at City Hall funded in part by grants including upgrades to T-5 light fixtures
- $51,431 for the purchase of a patrol car and truck for the police department
- $7,774 for the purchase of a mower for the public works department
- $6,750 to begin the planning phase of the Arts Center renovation project
- $6,209 to begin construction of stormwater improvements at Campbell and Prince Streets

Business-type Activities – $1,428,810 total

- $288,963 for natural gas system improvements including a bare steel line replacement project on Heard Street and extensions to serve several poultry farms as new customers
- $256,292 for water and sewer systems improvement projects including a sewer main replacement from Campbell Street to MLK Blvd, and to replace or upgrade equipment at the water treatment plant
- $231,679 for construction on electric system improvement and rehabilitation projects including a line rehabilitation project from Substation #1 to Mill Street.
- $91,840 for the installation of energy efficiency improvements at the Elberton Utilities building funded in part by grants including upgrades to T-5 light fixtures and the installation of solar panels
- $183,570 for the purchase and installation of a new software system for utility billing, customer information, financial reporting, payroll, and accounts payable
- $294,666 for ElbertonNET projects including installing underground service inside Richard B. Russell State Park, which was funded by grants
- $81,800 for the purchase of a new bucket truck for ElbetonNET

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 $8,220,000. This entire amount was for the Series 2011 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, 2012 was $2,565,299.

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 Notes 9 & 10 on pages 48-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The national and state economy did not improve in fiscal year 2012 over the prior year as indicated by a 6.5% decline in sales tax revenues during 2012. However, the local unemployment rate decreased to 13.0% in 2012 from 14.6% in 2011.

During 2012 the City's utility system did not experience any losses of its top customers. During fiscal year 2012 the City added a new customer to 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 2012 and the new fiscal year 2013.

The overall City budget for FY2013 increased by 4.2% over fiscal year 2012. 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, 2012

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	$ 1,024,219	$ 111,280	$ 1,135,499	$ 7,792
Certificates of deposit	0	527,532	527,532	0
Investments	0	4,096,309	4,096,309	0
Restricted assets				
Cash	50	481,169	481,219	0
Investments	0	2,288,696	2,288,696	0
Receivables (net)				
Accounts	35,371	2,224,211	2,259,582	0
Taxes	3,061	0	3,061	0
Intergovernmental	183,691	0	183,691	0
Interest	0	2,044	2,044	0
Notes	84,000	0	84,000	0
Prepaid items	136,297	10,780	147,077	369
Inventories	22,558	503,454	526,012	0
Internal balances	35,193	(35,193)	0	0
Other current assets	0	28,177	28,177	0
Total current assets	1,524,440	10,238,459	11,762,899	8,161
Noncurrent assets				
Notes receivable	424,000	0	424,000	0
Capital assets				
Non-depreciable	668,447	997,765	1,666,212	40,000
Depreciable (net)	3,806,434	26,312,647	30,119,081	662,428
Other assets	0	333,383	333,383	0
Total noncurrent assets	4,898,881	27,643,795	32,542,676	702,428
Total assets	6,423,321	37,882,254	44,305,575	710,589
LIABILITIES				
Current liabilities				
Payables				
Accounts	85,143	1,256,301	1,341,444	1,650
Intergovernmental	0	23,072	23,072	0
Sales tax	0	91,699	91,699	0
Interest	0	5,291	5,291	0
Accrued salaries and expenses	72,302	30,871	103,173	0
Compensated absences	121,835	125,307	247,142	0
Customer deposits payable	0	2,578	2,578	0
Other current liabilities	25,159	42,838	67,997	0
Notes payable	0	0	0	101,010
Capital lease payable	0	759,055	759,055	0
Liabilities payable from restricted assets				
Customer deposits payable	0	637,498	637,498	0
Interest payable	0	111,998	111,998	0
Bonds payable	0	720,000	720,000	0
Total current liabilities	304,439	3,806,508	4,110,947	102,660

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	$ 52,215	$ 53,703	$ 105,918	$ 0
Contractual liability	276,394	0	276,394	0
Notes payable	0	0	0	610,129
Capital lease payable	0	1,806,244	1,806,244	0
Bonds payable	0	7,500,000	7,500,000	0
Total noncurrent liabilities	328,609	9,359,947	9,688,556	610,129
Total liabilities	633,048	13,166,455	13,799,503	712,789
NET ASSETS				
Invested in capital assets, net of related debt	4,474,881	16,525,113	20,999,994	(8,711)
Restricted for:				
Debt service	0	369,171	369,171	0
MEAG Generation Trust	0	1,651,198	1,651,198	0
Public Safety	50	0	50	0
Housing and development	480,000	0	480,000	0
Capital outlay	460,866	0	460,866	0
Unrestricted	374,476	6,170,317	6,544,793	6,511
Total net assets	$ 5,790,273	$ 24,715,799	$ 30,506,072	$ (2,200)

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	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	$ 697,793	$ (464,060)	$ 53,823	$ 0	$ 33,960	$ (145,950)
Judicial	104,279	0	0	0	0	(104,279)
Public Safety	2,395,267	0	178,550	62,948	57,107	(2,096,662)
Public Works	1,166,098	(204,846)	52,891	0	463,863	(444,498)
Health and Welfare	9,000	0	0	0	0	(9,000)
Culture and Recreation	167,465	0	0	0	43,461	(124,004)
Housing and Development	247,896	0	17,933	0	199,548	(30,415)
Interest on long-term debt	92	0	0	0	0	(92)
Total governmental activities	4,787,890	(668,906)	303,197	62,948	797,939	(2,954,900)
Business-type activities						
Combined Public Utilities						
Electric	13,064,053	244,671	15,566,693	0	51,712	2,309,681
Water and Sewer	2,816,229	143,042	2,817,914	0	0	(141,357)
Natural Gas	2,734,236	174,494	3,440,528	0	0	531,798
ElbertonNET Technology Services	2,623,765	50,756	2,740,805	0	206,696	272,980
Solid Waste	768,886	55,943	769,818	0	0	(55,011)
Total business-type activities	22,007,169	668,906	25,335,758	0	258,408	2,918,091
Total primary government	26,795,059	0	25,638,955	62,948	1,056,347	(36,809)
Component Unit						
Downtown Development Authority	122,037	0	12,965	0	0	(109,072)

	Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (2,954,900)	$ 2,918,091	$ (36,809)	$ (109,072)
General revenues				
Taxes				
Sales	592,734	0	592,734	0
Franchise	90,041	0	90,041	0
Occupational	74,804	0	74,804	0
Insurance premium	218,245	0	218,245	0
Alcoholic beverage	153,664	0	153,664	0
Hotel/Motel	45,344	0	45,344	0
Other	5,294	0	5,294	0
Interest and investment earnings	2,646	38,738	41,384	1
Payments from City of Elberton	0	0	0	92,436
Gain on sale of assets	0	2,404	2,404	0
Miscellaneous	9,288	17,365	26,653	31,134
Transfers	1,716,490	(1,716,490)	0	0
Total general revenues and transfers	2,908,550	(1,657,983)	1,250,567	123,571
Change in net assets	(46,350)	1,260,108	1,213,758	14,499
Net assets - beginning	5,836,623	23,455,691	29,292,314	(16,699)
Net assets - ending	$ 5,790,273	$ 24,715,799	$ 30,506,072	$ (2,200)

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash	$ 639,093	$ 385,126	$ 1,024,219
Restricted assets			
Cash	50	0	50
Receivables (net)			
Accounts	35,371	0	35,371
Taxes	0	3,061	3,061
Intergovernmental	51,741	131,950	183,691
Notes	60,000	448,000	508,000
Due from other funds	66,477	32,000	98,477
Prepaid items	136,297	0	136,297
Inventory, at cost	22,558	0	22,558
Total assets	$ 1,011,587	$ 1,000,137	$ 2,011,724
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 60,217	$ 24,926	$ 85,143
Accrued salaries and payroll liabilities	72,302	0	72,302
Due to other funds	32,000	31,284	63,284
Other liabilities	25,159	0	25,159
Total liabilities	189,678	56,210	245,888
Fund balances			
Nonspendable:			
Inventory	22,558	0	22,558
Prepaid items	136,297	0	136,297
Restricted for:			
Public Safety	50	0	50
Housing and Development	0	480,000	480,000
Capital projects	0	460,866	460,866
Assigned for Housing and Development	0	3,061	3,061
Unassigned	663,004	0	663,004
Total fund balances	821,909	943,927	1,765,836
Total liabilities and fund balances	$ 1,011,587	$ 1,000,137	$ 2,011,724

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, 2012

Total fund balance - total governmental funds		$ 1,765,836
Some assets are not financial resources and, therefore, are not reported in the funds.		
These are:		
Capital assets, net of accumulated depreciation		4,474,881
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Compensated absences	(174,050)	
Contractual liability	(276,394)	(450,444)
Net assets of governmental activities		$ 5,790,273

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, 2012

	General	Nonmajor Governmental Funds	Totals
REVENUES			
Taxes	$ 1,134,782	$ 45,344	$ 1,180,126
Licenses and permits	70,936	0	70,936
Fines, fees and forfeitures	161,225	0	161,225
Charges for services	739,942	0	739,942
Intergovernmental	96,743	763,629	860,372
Interest	2,646	350	2,996
Other	9,453	0	9,453
Total revenues	2,215,727	809,323	3,025,050
EXPENDITURES			
Current			
General Government	688,978	0	688,978
Judicial	104,845	0	104,845
Public Safety	2,285,569	0	2,285,569
Public Works	1,083,913	0	1,083,913
Health and Welfare	9,000	0	9,000
Culture and Recreation	143,053	0	143,053
Housing and Development	212,156	27,770	239,926
Debt service	7,392	0	7,392
Capital outlay	0	604,058	604,058
Total expenditures	4,534,906	631,828	5,166,734
Excess (deficiency) of revenues over (under) expenditures	(2,319,179)	177,495	(2,141,684)
Other financing sources (uses)			
Transfers in	2,168,581	0	2,168,581
Transfers out	0	(452,091)	(452,091)
Total other financing sources (uses)	2,168,581	(452,091)	1,716,490
Net change in fund balance	(150,598)	(274,596)	(425,194)
Fund balances, July 1	972,507	1,218,523	2,191,030
Fund balances, June 30	$ 821,909	$ 943,927	$ 1,765,836

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, 2012

Net change in fund balances - total governmental funds		$ (425,194)
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.		
Capital outlays	675,195	
Depreciation	(346,150)	329,045
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		
Proceeds from debt issuance	0	
Debt repayments	7,300	7,300
Payments of contractual liabilities are an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statements of net assets.		
Payment of contractual liabilities		29,305
Some expenses reported in the statements of activities do not require the use of current finanacial resources to governmental funds, but result in assets in the governmental activities.		
Change in compensated absences		13,194
Change in net assets of governmental activities		(46,350)

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, 2012

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,184,100	$ 1,275,100	$ 1,134,782	$ (140,318)
Licenses and permits	191,500	100,500	70,936	(29,564)
Fines, fees and forfeitures	213,200	211,600	161,225	(50,375)
Charges for services	774,939	774,939	739,942	(34,997)
Intergovernmental	56,360	99,360	96,743	(2,617)
Interest	3,500	3,500	2,646	(854)
Other	5,500	27,100	9,453	(17,647)
Total revenues	2,429,099	2,492,099	2,215,727	(276,372)
EXPENDITURES				
Current				
General Government				
Mayor and Council	148,244	148,244	140,193	8,051
City Manager's Office	168,377	168,377	155,758	12,619
Finance	185,010	188,210	188,138	72
Human Resources	52,911	55,421	55,415	6
City Clerk	79,185	79,185	75,311	3,874
Elections	1,300	1,300	202	1,098
City Attorney	26,238	26,238	17,655	8,583
City Hall Maintenance	60,624	60,924	56,306	4,618
Judicial				
Municipal Court	108,761	108,761	104,845	3,916
Public Safety				
Police - Administration	321,578	329,386	329,360	26
Police - Uniform Division	918,847	895,037	869,730	25,307
Police - Criminal Investigations	129,380	131,980	131,959	21
Police - Community Relations	60,541	60,541	57,249	3,292
Police - Detention	53,000	53,000	47,643	5,357
Fire	848,986	848,986	798,354	50,632
Animal Control	54,322	54,322	51,274	3,048
Public Works				
Administrative	137,697	156,197	155,449	748
Infrastructure Maintenance	346,946	346,946	336,624	10,322
Parks and Rights-of-Way	94,250	94,750	94,705	45
Motor Pool	280,129	286,229	286,215	14
Street Lighting	22,468	13,368	13,053	315
Street Sweeper	40,600	40,600	39,863	737
Cemetery	162,024	162,024	158,004	4,020
Health and Welfare				
Agency allocations	9,000	9,000	9,000	0
Culture and Recreation				
Elbert Theatre	81,213	81,213	70,553	10,660
Agency allocations	67,500	72,500	72,500	0
Housing and Development				
Zoning/Special Projects	66,550	66,550	66,022	528
Code Enforcement	79,126	79,126	53,698	25,428
Economic Development	65,719	97,719	92,436	5,283
Total current	4,670,526	4,716,134	4,527,514	188,620

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, 2012

	Budget			Variance with Final
	Original	Final	Actual	Budget
Expenditures - continued				
Debt service				
Public Safety				
Police - Administration	$ 0	$ 7,392	$ 7,392	$ 0
Total expenditures	4,670,526	4,723,526	4,534,906	188,620
Excess (deficiency) of revenues over (under) expenditures	(2,241,427)	(2,231,427)	(2,319,179)	(87,752)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,233,000	2,233,000	2,168,581	(64,419)
Sales of capital assets	10,000	0	0	0
Contingency	(1,573)	(1,573)	0	1,573
Total other financing sources (uses)	2,241,427	2,231,427	2,168,581	(62,846)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(150,598)	(150,598)
Fund balances, July 1	0	0	972,507	972,507
Fund balances, June 30	$ 0	$ 0	$ 821,909	$ 821,909

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Fund Solid Waste	Totals
ASSETS				
Current assets				
Cash	$ 111,230	$ 50	$ 0	$ 111,280
Certificates of deposit	527,532	0	0	527,532
Investments	4,096,309	0	0	4,096,309
Restricted assets				
Cash	481,169	0	0	481,169
Investments	2,288,696	0	0	2,288,696
Receivables (net)				
Accounts	1,869,670	299,741	54,800	2,224,211
Interest	2,044	0	0	2,044
Prepaid items	0	10,780	0	10,780
Inventories	422,117	81,337	0	503,454
Due from other funds	0	31,284	2,810	34,094
Other current assets	28,177	0	0	28,177
Total current assets	9,826,944	423,192	57,610	10,307,746
Noncurrent assets				
Capital assets				
Non-depreciable	976,465	6,900	14,400	997,765
Depreciable (net)	20,240,096	5,977,706	94,845	26,312,647
Other assets				
Bond issuance costs (net)	318,812	14,571	0	333,383
Advances to other funds	4,334,242	0	0	4,334,242
Total noncurrent assets	25,869,615	5,999,177	109,245	31,978,037
Total assets	35,696,559	6,422,369	166,855	42,285,783
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,125,726	114,195	16,380	1,256,301
Intergovernmental	0	23,072	0	23,072
Sales tax	91,699	0	0	91,699
Interest	0	5,291	0	5,291
Accrued salaries	22,301	2,926	5,644	30,871
Compensated absences	99,355	15,781	10,171	125,307
Customer deposits payable	0	2,578	0	2,578
Other current liabilities	42,838	0	0	42,838
Due to other funds	69,287	0	0	69,287
Capital leases payable	0	759,055	0	759,055
Liabilities payable from restricted assets:				
Customer deposits payable	637,498	0	0	637,498
Interest payable	111,998	0	0	111,998
Bonds payable	720,000	0	0	720,000
Total current liabilities	2,920,702	922,898	32,195	3,875,795

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Fund Solid Waste	Total Proprietary Funds
Noncurrent liabilities				
Compensated absences	$ 42,581	$ 6,763	$ 4,359	$ 53,703
Advances from other funds	0	4,334,242	0	4,334,242
Bonds payable	7,500,000	0	0	7,500,000
Capital lease payable	0	1,806,244	0	1,806,244
Total noncurrent liabilities	7,542,581	6,147,249	4,359	13,694,189
Total liabilities	10,463,283	7,070,147	36,554	17,569,984
NET ASSETS				
Invested in capital assets, net of related debt	12,996,561	3,419,307	109,245	16,525,113
Restricted for:				
Debt service	369,171	0	0	369,171
MEAG Generation Trust	1,651,198	0	0	1,651,198
Unrestricted	10,216,346	(4,067,085)	21,056	6,170,317
Total net assets	$ 25,233,276	$ (647,778)	$ 130,301	$ 24,715,799

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, 2012

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Fund Solid Waste	Totals
OPERATING REVENUES				
Charges for sales and services	$ 21,825,135	$ 2,740,805	$ 769,818	$ 25,335,758
Miscellaneous revenues	17,365	0	0	17,365
Total operating revenues	21,842,500	2,740,805	769,818	25,353,123
OPERATING EXPENSES				
Costs of sales and services	15,061,551	1,935,961	379,663	17,377,175
Personal services	2,408,339	319,044	394,039	3,121,422
Depreciation	1,183,719	271,276	48,202	1,503,197
Other	133,024	10,402	2,687	146,113
Total operating expenses	18,786,633	2,536,683	824,591	22,147,907
Operating income (loss)	3,055,867	204,122	(54,773)	3,205,216
Non-operating revenues (expenses)				
Interest revenue	38,738	0	0	38,738
Interest expense	(364,467)	(132,009)	(238)	(496,714)
Amortization	(25,625)	(5,829)	0	(31,454)
Gain (loss) on sales of capital assets	2,404	0	0	2,404
Total non-operating revenues (expenses)	(348,950)	(137,838)	(238)	(487,026)
Net income (loss) before capital contributions and transfers	2,706,917	66,284	(55,011)	2,718,190
Capital contributions				
Intergovernmental	51,712	206,696	0	258,408
Net income (loss) before transfers	2,758,629	272,980	(55,011)	2,976,598
Transfers in (out)				
Transfers in	402,226	416,284	0	818,510
Transfers out	(2,535,000)	0	0	(2,535,000)
Total transfers	(2,132,774)	416,284	0	(1,716,490)
Change in net assets	625,855	689,264	(55,011)	1,260,108
Net assets, July 1	24,607,421	(1,337,042)	185,312	23,455,691
Net assets, June 30	$ 25,233,276	$ (647,778)	$ 130,301	$ 24,715,799

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2012

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Fund Solid Waste	Totals
Cash flows from operating activities:				
Receipts from customers	$ 22,009,775	$ 2,712,804	$ 789,450	$ 25,512,029
Payments to suppliers	(15,030,254)	(1,866,606)	(384,387)	(17,281,247)
Payments to employees	(2,389,313)	(317,630)	(388,801)	(3,095,744)
Other receipts	17,365	0	0	17,365
Other payments	(133,024)	(10,402)	(2,687)	(146,113)
Net cash provided (used) by operating activities	4,474,549	518,166	13,575	5,006,290
Cash flows from non-capital financing activities:				
Receipts from other funds	0	493,125	8,001	501,126
Payments to other funds	(2,599,432)	0	0	(2,599,432)
Net cash provided (used) by non-capital financing activities	(2,599,432)	493,125	8,001	(2,098,306)
Cash flows from capital and related financing activities:				
Sale of assets	2,404	0	0	2,404
Receipts from other governments	51,712	206,696	0	258,408
Receipts from other funds	402,226	31,284	0	433,510
Interest paid	(463,113)	(132,459)	(267)	(595,839)
Payment of capital related accounts payable	(9,888)	(4,684)	0	(14,572)
Acquisition of capital assets	(1,022,907)	(368,751)	0	(1,391,658)
Debt issue costs	(158,682)	0	0	(158,682)
Issuance of bonds payable	8,355,000	0	0	8,355,000
Issuance of capital lease	0	851,105	0	851,105
Principal payments - bonds	(8,670,000)	0	0	(8,670,000)
Principal payments - capital leases	0	(1,594,432)	(21,309)	(1,615,741)
Net cash provided (used) by capital and related financing activities	(1,513,248)	(1,011,241)	(21,576)	(2,546,065)
Cash flows from investing activities:				
Interest received	39,944	0	0	39,944
Proceeds from sale of investments	1,076,278	0	0	1,076,278
Purchase of investments	(2,048,813)	0	0	(2,048,813)
Net cash provided (used) by investing activities	(932,591)	0	0	(932,591)
Net increase (decrease) in cash	(570,722)	50	0	(570,672)
Cash, July 1	1,163,121	0	0	1,163,121
Cash, June 30	$ 592,399	$ 50	$ 0	$ 592,449

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2012

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Fund Solid Waste	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 3,055,867	$ 204,122	$ (54,773)	$ 3,205,216
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,183,719	271,276	48,202	1,503,197
(Increase) decrease in accounts receivable	144,327	(26,934)	19,632	137,025
(Increase) decrease in inventories	(97)	19,067	0	18,970
(Increase) decrease in prepaid items	0	(292)	0	(292)
(Increase) decrease in other current assets	1,325	0	0	1,325
Increase (decrease) in accounts payable	30,069	43,556	(4,724)	68,901
Increase (decrease) in intergovernmental payable	0	7,024	0	7,024
Increase (decrease) in sales tax payable	6,115	0	0	6,115
Increase (decrease) in other current liabilities	22,508	0	0	22,508
Increase (decrease) in accrued salaries	11,920	877	811	13,608
Increase (decrease) in compensated absences payable	7,106	537	4,427	12,070
Increase (decrease) in customer deposits payable	11,690	(1,067)	0	10,623
Total adjustments	1,418,682	314,044	68,348	1,801,074
Net cash provided (used) by operating activities	$ 4,474,549	$ 518,166	$ 13,575	$ 5,006,290
Cash reconciliation:				
Cash	$ 111,230	$ 50	$ 0	$ 111,280
Restricted assets				
Cash	481,169	0	0	481,169
Total cash	$ 592,399	$ 50	$ 0	$ 592,449

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $1,180 for the fiscal year ended June 30, 2012.

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2012

	Municipal Court Agency Fund
ASSETS	
Cash	$ 13,177
LIABILITIES	
Due to other agencies	$ 13,177

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, who are appointed by the Mayor and Council, 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 not accounted for and reported 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 2012.

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, 2012, 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 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 2012. 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, 2012, 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 positive amounts 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 2011 amounts have been reclassified to conform with the 2012 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, 2012 was 48 days. At June 30, 2012, the City's balance in Georgia Fund 1 was $529,009.

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, 2012, the average weighted maturity of the Intermediate and Short-term Portfolios were 29.5 and 3.0 months, respectively. At June 30, 2012, the City's balances in the Voluntary Flexible Operating Accounts were $4,733,803, and in the Generation Trust Account was $1,651,198.

4. Accounts Receivable

Net accounts receivable at June 30, 2012 consist of the following:

Major Funds		
General Fund	$ 40,891	
Less: Allowance for Uncollectibles	(5,520)	$ 35,371
Enterprise funds		
Combined Public Utility	2,112,181	
Less: Allowance for Uncollectibles	(242,510)	
ElbertonNET Technology Services	343,895	
Less: Allowance for Uncollectibles	(36,820)	2,176,746
Nonmajor Funds		
Solid Waste Enterprise Fund	56,915	
Less: Allowance for Uncollectibles	(9,450)	47,465
Total primary government		$ 2,259,582

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2012 consist of the following:

Major Funds		
General Fund		
State of Georgia	$ 50,900	
Elbert County	841	$ 51,741
Nonmajor Funds		
2006 SPLOST Fund		
State of Georgia		36,158
2011 SPLOST Fund		
Elbert County		95,792
Total Primary Government		$ 183,691

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Combined Public Utilities	$ 66,477
Combined Public Utilities	ElbertonNET	4,334,242
ElbertonNET	Nonmajor Governmental	31,284
Nonmajor Governmental	General	32,000
Nonmajor Enterprise	Combined Public Utilities	2,810
Subtotal		$ 4,466,813

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	$ 2,150,000
	ElbertonNET	385,000
Nonmajor Governmental	General	18,581
	Combined Public Utilities	402,226
	ElbertonNET	31,284
Total		$ 2,987,091

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 $31,068, $12,143, and $503,794 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 $57,150 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, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities				
Non-depreciable assets				
Land	$ 630,652	$ 24,836	$ 0	$ 655,488
Construction in progress	19,094	12,959	(19,094)	12,959
Total non-depreciable assets	649,746	37,795	(19,094)	668,447
Depreciable assets				
Buildings	1,598,643	232,033	(7,000)	1,823,676
Land improvements	1,168,937	0	0	1,168,937
Vehicles and equipment	2,393,834	59,205	(17,885)	2,435,154
Infrastructure	2,168,739	365,256	0	2,533,995
Total depreciable assets	7,330,153	656,494	(24,885)	7,961,762
Accumulated depreciation				
Buildings	(777,796)	(61,810)	7,000	(832,606)
Land improvements	(694,442)	(40,084)	0	(734,526)
Vehicles and equipment	(1,576,743)	(178,738)	17,885	(1,737,596)
Infrastructure	(785,082)	(65,518)	0	(850,600)
Total accumulated depreciation	(3,834,063)	(346,150)	24,885	(4,155,328)
Total depreciable assets, net	3,496,090	310,344	0	3,806,434
Governmental activities capital assets, net	$ 4,145,836	$ 348,139	$ (19,094)	$ 4,474,881
Business-type activities				
Non-depreciable assets				
Land	$ 268,335	$ 0	$ 0	$ 268,335
Construction in progress	142,160	245,549	(35,971)	351,738
Intangible assets	377,692	0	0	377,692
Total non-depreciable assets	788,187	245,549	(35,971)	997,765
Depreciable assets				
Buildings	992,764	97,728	0	1,090,492
Land improvements	54,739	0	0	54,739
Distribution system	41,953,725	709,188	(4,593)	42,658,320
Vehicles and equipment	3,075,135	376,345	(27,022)	3,424,458
Total depreciable assets	46,076,363	1,183,261	(31,615)	47,228,009
Accumulated depreciation				
Buildings	(390,396)	(48,040)	0	(438,436)
Land improvements	(36,458)	(2,190)	0	(38,648)
Distribution system	(16,826,137)	(969,226)	4,593	(17,790,770)
Vehicles and equipment	(2,190,789)	(483,741)	27,022	(2,647,508)
Total accumulated depreciation	(19,443,780)	(1,503,197)	31,615	(20,915,362)
Total depreciable assets, net	26,632,583	(319,936)	0	26,312,647
Business-type activities capital assets, net	$ 27,420,770	$ (74,387)	$ (35,971)	$ 27,310,412

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the fiscal year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
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	(155,484)	(42,043)	0	(197,527)
Total depreciable assets, net	704,471	(42,043)	0	662,428
Downtown Development Authority Component Unit capital assets, net	$ 744,471	$ (42,043)	$ 0	$ 702,428

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 23,295
Public Safety	119,110
Public Works	133,937
Culture and Recreation	40,176
Housing and Development	29,632
Total depreciation expense for governmental activities	$ 346,150
Business-type activities	
Combined Public Utilities	
Electric Department	$ 330,348
Water and Sewer Department	726,663
Natural Gas Department	126,708
ElbertonNet Technology Services	271,276
Solid Waste	48,202
Total depreciation expense for business-type activities	$ 1,503,197
Downtown Development Authority Component Unit	$ 42,043

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, 2012 are $2,565,299 for the business-type activities.

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, 2012:

Year Ending June 30,	Business-type Activities
2013	$ 878,681
2014	878,681
2015	570,455
2016	152,496
2017	152,496
2018	101,797
Total minimum lease payments	2,734,606
Less amounts representing interest	(169,307)
Present value of minimum lease payments	$ 2,565,299

Total assets leased under capital leases $7,417,417 for business-type activitiesand are reported as distribution system.

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, 2012:

$8,355,000 2011 Combined Utility System Refunding Revenue series bonds due in annual installments of $720,000 to $930,000 through January 1, 2022; interest at 2.725% ($8,220,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
2013	$ 720,000	$ 223,995	$ 943,995
2014	740,000	204,375	944,375
2015	765,000	184,210	949,210
2016	785,000	163,724	948,724
2017	815,000	141,973	956,973
2018-2022	4,395,000	365,695	4,760,695
Totals	$ 8,220,000	$ 1,283,972	$ 9,503,972

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, 2012, the balance of this note is $60,000. Monthly installments of $163 interest are due through May 31, 2012, unpaid principal and interest are due June 30, 2013; 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, 2012, the balance of this note is $51,517. 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, 2012, the balance of this note is $151,622. Monthly installments of $1,164 principal and interest are due through September 1, 2020, unpaid principal and interest are due October 1, 2020; 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, 2012, the balance of this note is $448,000. Monthly installments of $2,000 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
2013	$ 101,010	$ 6,364	$ 107,374
2014	41,415	4,009	45,424
2015	41,830	3,594	45,424
2016	42,255	3,169	45,424
2017	42,690	2,734	45,424
2018-2022	233,939	5,069	239,008
2023-2027	120,000	0	120,000
2028-2031	88,000	0	88,000
Totals	$ 711,139	$ 24,939	$ 736,078

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, 2012:

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012	Due Within One Year
Governmental Activities					
Contractual liability	$ 305,699	$ 0	$ 29,305	$ 276,394	$ 0
Capital lease obligations	7,300	0	7,300	0	0
Compensated absences	187,244	117,877	131,071	174,050	121,835
Total Governmental Activities	$ 500,243	$ 117,877	$ 167,676	$ 450,444	$ 121,835
Business-type Activities					
Revenue bonds	$ 8,535,000	$ 8,355,000	$ 8,670,000	$ 8,220,000	$ 720,000
Capital lease obligations	3,329,935	851,105	1,615,741	2,565,299	759,055
Compensated absences	166,940	128,928	116,858	179,010	125,307
Total Business-type Activities	$ 12,031,875	$ 9,335,033	$ 10,402,599	$ 10,964,309	$ 1,604,362
Downtown Development Authority Component Unit					
Notes payable	$ 765,666	$ 0	$ 54,527	$ 711,139	$ 101,010

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 $276,394. 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. Bond Refunding

On October 6, 2011, the City issued $8,355,000 in Combined Utility Refunding Bonds, Series 2011, with interest rates of 2.725%. The Series 2011 bonds were issued to advance refund $8,535,000 of outstanding Series 2001 Bonds with an average interest rate of 4.93%. Net proceeds of $8,187,192 ($8,355,000 less $167,808 in underwriting fees and other costs of issuance) plus an additional $558,452 of Series 2001 sinking fund monies were applied to the $8,745,644 deposited into an irrevocable trust with an escrow agent. On January 1, 2012, the Series 2001 bonds were called for redemption at 100% of the outstanding principal plus interest accrued to the redemption date.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $158,682. This difference, reported in the financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the effective interest method. The City completed the current refunding to reduce its total debt service payments over the next 10 years by $806,224 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of $696,760.

13. Deficit Equity Balances

At June 30, 2012, the ElbertonNET Technology Services Enterprise Fund had negative unrestricted net assets of $4,067,085. 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.

14. Change in Beginning Balances

Municipal Court Agency Fund

A prior period adjustment has been made to decrease accounts receivable for fines receivable that the City feels are not susceptible to accrual because they generally are not measureable until received. This adjustment decreased beginning assets and liabilities by $96,084.

15. 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.

15. 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 2012:

	General Fund	Proprietary Funds
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
Claims incurred including adjustments to prior year estimates	17,796	7,047
Payments made on claims	(17,796)	(7,047)
Unpaid claims at June 30, 2012	$ 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.

16. 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.

16. 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	85
Terminated vested participants entitled to but not yet receiving benefits	30
Active participants	129
Total number of participants	244

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.

16. 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, 2012. 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.

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

Annual pension cost	$ 424,352
Contributions made	(424,352)
Increase (decrease) in net pension obligation	0
Net pension obligation - beginning of year	0
Net pension obligation - end of year	$ 0

16. Pension Plan (continued)

Historical Trend Information

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
1/1/2007	$ 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
1/1/2012	424,352	100%	0

Schedule of Funding Progress

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)
1/1/2007	$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%
1/1/2012	16,502,352	14,777,770	(1,724,582)	111.67%	4,356,043	-40%

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

17. 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.

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 $90,502 to the plan based on covered salaries of $3,004,502. Plan members made voluntary contributions of $144,339 to the plan. Total payroll was $4,815,745.

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.

18. 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.

19. 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, 2012 follows:

Lodging tax receipts	$ 45,345	
Disbursements to Chamber of Commerce, for Elbert Theatre, and for other tourism and visitor programs	$ 46,351	102% of tax receipts

20. 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 2012, the city paid $4,653 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official 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 RC. A copy of the NEGRC financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

20. Joint Ventures (continued)

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 2012, 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.

21. 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 $3,668 as payment for services provided during fiscal year 2012.

22. 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 $10,473,926 from MEAG during the fiscal year ended June 30, 2012. 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.

22. Commitments and Contingencies (continued)

Commitments, continued

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.

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, 2012, the balance in this account was $4,733,806. 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, 2012, the balance in this account was $1,651,198. 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, 2012, were $1,350,256 and $4,215,159, respectively. Due to the restricted nature of these funds, neither is shown in the Combined Public Utilities Fund.

Contingencies

The CIty is a defendant in a lawsuit. Management intends to contest the open case vigorously. The City's legal counsel has stated that the outcome of the lawsuit is not presently determinable.

22. Commitments and Contingencies (continued)

Contingencies, continued

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, 2012, was $1,911,870, interest at 5.00% per annum. The Company was current on all lease payments at June 30, 2012, and the Authority was current on all bond payments at June 30, 2012. The City has a contingent liability at June 30, 2012, of $955,935. 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 has entered into an intergovernmental agreement dated December 1, 2011 with the Development Authority of Elbert County, Elberton, and Bowman (the "Authority"). This agreement requires the City to provide credit support for the Authority to issue a taxable revenue bond in the amount of $932,500 and a tax-exempt revenue bond in the amount of $1,818,750, both for the purpose of purchasing equipment to be used in a manufacturing facility to be leased to Hailo, LLC (the "Company"). The City has agreed to make payments to the Authority in amounts sufficient to enable the Authority to pay debt service on the bonds in the event the Company defaults on its obligations to make lease payments. The balance on the taxable bond at June 30, 2012, was $1,818,023, interest at 4.75% per annum. The balance on the tax-exempt bond at June 30, 2012, was $932,254, interest at 3.60%. The Company was current on all lease payments at June 30, 2012, and the Authority was current on all bond payments at June 30, 2012. The City has a contingent liability at June 30, 2012, of $2,750,277.

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Supplementary Information

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COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF ELBERTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue	
	Hotel/Motel Tax	Revolving Loan
ASSETS		
Cash	$ 0	$ 0
Receivables		
Taxes	3,061	0
Intergovernmental	0	0
Notes	0	448,000
Due from other funds	0	32,000
Total assets	$ 3,061	$ 480,000
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 0
Due to other funds	0	0
Total liabilities	0	0
Fund balances		
Restricted for:		
Housing and Development	0	480,000
Capital projects	0	0
Assigned for Housing and Development	3,061	0
Total fund balances	3,061	480,000
Total liabilities and fund balances	$ 3,061	$ 480,000

Capital Projects		Total Nonmajor Governmental Funds
2006 SPLOST	2011 SPLOST	
$ 172,910	$ 212,216	$ 385,126
0	0	3,061
36,158	95,792	131,950
0	0	448,000
0	0	32,000
$ 209,068	$ 308,008	$ 1,000,137
$ 24,926	$ 0	$ 24,926
0	31,284	31,284
24,926	31,284	56,210
0	0	480,000
184,142	276,724	460,866
0	0	3,061
184,142	276,724	943,927
$ 209,068	$ 308,008	$ 1,000,137

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2012

	Special Revenue	
	Hotel/Motel Tax	**Revolving Loan**
REVENUES		
Taxes	$ 45,344	$ 0
Intergovernmental	0	0
Interest	0	0
Total revenues	45,344	0
EXPENDITURES		
Current		
Housing and Development	27,770	0
Capital outlay	0	0
Total expenditures	27,770	0
Excess (deficiency) of revenues over (under) expenditures	17,574	0
Other financing sources (uses)		
Transfers out	(18,581)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,007)	0
Fund balances, July 1	4,068	480,000
Fund balances, June 30	$ 3,061	$ 480,000

Capital Projects		Total Nonmajor Governmental Funds
2006 SPLOST	2011 SPLOST	
$ 0	$ 0	$ 45,344
173,117	590,512	763,629
289	61	350
173,406	590,573	809,323
0	0	27,770
321,493	282,565	604,058
321,493	282,565	631,828
(148,087)	308,008	177,495
(402,226)	(31,284)	(452,091)
(550,313)	276,724	(274,596)
734,455	0	1,218,523
$ 184,142	$ 276,724	$ 943,927

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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, 2012 and 2011

	2012	2011
ASSETS		
Cash	$ 639,093	$ 776,046
Restricted assets		
Cash	50	50
Receivables (net)		
Accounts	35,371	14,231
Intergovernmental	51,741	102,517
Notes	60,000	65,000
Prepaid items	136,297	135,879
Inventory, at cost	22,558	34,981
Due from other funds	66,477	0
Total assets	$ 1,011,587	$ 1,128,704
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 60,217	$ 49,941
Accrued salaries and payroll liabilities	72,302	68,005
Due to other funds	32,000	16,501
Other liabilities	25,159	21,750
Total liabilities	189,678	156,197
Fund balances		
Nonspendable:		
Inventory	22,558	34,981
Prepaid items	136,297	135,879
Restricted for public safety	50	50
Unassigned	663,004	801,597
Total fund balances	821,909	972,507
Total liabilities and fund balances	$ 1,011,587	$ 1,128,704

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Taxes	$ 1,134,782	$ 1,193,290
Licenses and permits	70,936	67,553
Fines, fees and forfeitures	161,225	195,234
Charges for services	739,942	853,456
Intergovernmental	96,743	113,742
Interest	2,646	2,500
Other	9,453	28,097
Total revenues	2,215,727	2,453,872
EXPENDITURES		
Current		
General Government	688,978	872,270
Judicial	104,845	100,857
Public Safety	2,285,569	2,390,993
Public Works	1,083,913	1,091,821
Health and Welfare	9,000	11,900
Culture and Recreation	143,053	139,290
Housing and Development	212,156	172,155
Debt service		
Public Safety	7,392	11,087
Total expenditures	4,534,906	4,790,373
Excess (deficiency) of revenues over (under) expenditures	(2,319,179)	(2,336,501)
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Fund	18,581	35,993
Combined Public Utility System Fund	2,150,000	2,253,500
Sale of capital assets	0	10,123
Total other financing sources (uses)	2,168,581	2,299,616
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(150,598)	(36,885)
Fund balances, July 1	972,507	1,009,392
Fund balances, June 30	$ 821,909	$ 972,507

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
Intangibles tax	$ 6,500	$ 5,294	$ (1,206)	$ 3,160
Franchise tax	91,000	90,041	(959)	84,338
Occupational tax	85,600	74,804	(10,796)	73,352
Insurance premium tax	270,000	218,245	(51,755)	255,324
Liquor tax	22,000	23,955	1,955	21,145
Beer and wine tax	140,000	129,709	(10,291)	121,973
Local option sales tax	660,000	592,734	(67,266)	633,998
Total taxes	1,275,100	1,134,782	(140,318)	1,193,290
Licenses and permits				
Building permits	40,000	17,133	(22,867)	12,093
Alcoholic beverage licenses	45,000	43,000	(2,000)	44,500
Other permits	15,500	10,803	(4,697)	10,960
Total licenses and permits	100,500	70,936	(29,564)	67,553
Fines, fees and forfeitures				
Parking fines	1,000	202	(798)	200
Court and DUI fines	160,600	120,029	(40,571)	149,354
Probation fees	50,000	40,994	(9,006)	45,680
Total fines, fees, and forfeitures	211,600	161,225	(50,375)	195,234
Charges for services				
Reimbursement of joint expenses	668,906	668,906	0	748,658
Cemetery sales and services	70,000	52,378	(17,622)	72,163
Public safety	31,000	14,124	(16,876)	28,980
Other	5,033	4,534	(499)	3,655
Total charges for services	774,939	739,942	(34,997)	853,456
Intergovernmental				
Grants	99,360	96,743	(2,617)	113,742
Interest	3,500	2,646	(854)	2,500
Other				
Miscellaneous	27,100	9,453	(17,647)	28,097
Total revenues	$ 2,492,099	$ 2,215,727	$ (276,372)	$ 2,453,872

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 89,516	$ 89,028	$ 488	$ 112,977
Contractual services	57,828	50,185	7,643	54,604
Materials and supplies	900	980	(80)	822
Total Mayor and Council	148,244	140,193	8,051	168,403
City Manager's Office				
Personal services	157,621	149,847	7,774	151,610
Contractual services	9,756	3,817	5,939	4,174
Materials and supplies	1,000	2,094	(1,094)	821
Total City Manager's Office	168,377	155,758	12,619	156,605
Finance				
Personal services	130,802	133,887	(3,085)	240,575
Contractual services	54,808	52,624	2,184	46,867
Materials and supplies	2,600	1,627	973	727
Total Finance	188,210	188,138	72	288,169
Human Resources				
Personal services	48,512	46,612	1,900	35,154
Contractual services	5,909	8,429	(2,520)	4,591
Materials and supplies	1,000	374	626	461
Total Human Resources	55,421	55,415	6	40,206
City Clerk				
Personal services	73,683	72,801	882	35,313
Contractual services	2,002	167	1,835	666
Materials and supplies	3,500	2,343	1,157	3,470
Total City Clerk	79,185	75,311	3,874	39,449
Elections				
Personal services	500	0	500	0
Contractual services	800	202	598	0
Total Elections	1,300	202	1,098	0
City Attorney				
Personal services	6,238	6,342	(104)	6,122
Contractual services	20,000	11,313	8,687	11,952
Total City Attorney	26,238	17,655	8,583	18,074

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
General Government - continued				
City Hall Maintenance				
Contractual services	$ 37,224	$ 32,290	$ 4,934	$ 36,592
Materials and supplies	23,700	10,527	13,173	19,717
Capital outlay	0	13,489	(13,489)	105,055
Total City Hall Maintenance	60,924	56,306	4,618	161,364
Total General Government	727,899	688,978	38,921	872,270
Judicial				
Municipal Court				
Personal services	59,873	60,748	(875)	58,036
Contractual services	48,888	44,097	4,791	42,744
Materials and supplies	0	0	0	77
Total Judicial	108,761	104,845	3,916	100,857
Public Safety				
Police - Administration				
Personal services	142,555	133,772	8,783	169,668
Contractual services	149,483	149,666	(183)	143,924
Materials and supplies	27,348	45,922	(18,574)	20,846
Capital outlay	10,000	0	10,000	0
Total Police - Administration	329,386	329,360	26	334,438
Police - Uniform Division				
Personal services	802,326	779,398	22,928	798,121
Contractual services	15,000	23,386	(8,386)	19,889
Materials and supplies	77,711	66,946	10,765	75,143
Total Police - Uniform Division	895,037	869,730	25,307	893,153
Police - Criminal Investigations				
Personal services	120,299	121,546	(1,247)	111,871
Contractual services	3,125	1,016	2,109	1,956
Materials and supplies	8,556	9,397	(841)	6,709
Total Police - Criminal Investigations	131,980	131,959	21	120,536
Police - Community Relations				
Personal services	56,349	55,132	1,217	52,002
Contractual services	3,192	1,799	1,393	2,291
Materials and supplies	1,000	318	682	506
Total Police - Community Relations	60,541	57,249	3,292	54,799
Police - Detention				
Contractual services	53,000	47,643	5,357	54,203

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Public Safety - continued				
Fire				
Personal services	$ 787,000	$ 751,972	$ 35,028	$ 811,403
Contractual services	32,809	21,279	11,530	25,786
Materials and supplies	28,227	25,014	3,213	24,473
Payments to others	950	89	861	726
Total Fire	848,986	798,354	50,632	862,388
Animal Control				
Personal services	41,480	41,921	(441)	41,246
Contractual services	5,992	4,262	1,730	5,475
Materials and supplies	6,850	5,091	1,759	2,857
Capital outlay	0	0	0	21,898
Total Animal Control	54,322	51,274	3,048	71,476
Total Public Safety	2,373,252	2,285,569	87,683	2,390,993
Public Works				
Administrative				
Personal services	85,168	83,267	1,901	81,080
Contractual services	21,954	24,912	(2,958)	24,277
Materials and supplies	21,125	17,965	3,160	18,718
Payments to others	27,950	29,305	(1,355)	13,350
Total Administration	156,197	155,449	748	137,425
Infrastructure Construction				
Materials and supplies	0	0	0	8,847
Infrastructure Maintenance				
Personal services	297,940	236,083	61,857	243,878
Contractual services	7,510	8,312	(802)	6,210
Materials and supplies	41,496	32,805	8,691	39,314
Capital outlay	0	59,424	(59,424)	37,336
Total Infrastructure Maintenance	346,946	336,624	10,322	326,738
Parks and Rights-of-Way				
Contractual services	89,250	76,853	12,397	69,078
Materials and supplies	5,500	10,078	(4,578)	8,679
Capital outlay	0	7,774	(7,774)	27,533
Total Parks and Rights of Way	94,750	94,705	45	105,290

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Public Works - continued				
Motor Pool				
Personal services	$ 163,075	$ 166,321	$ (3,246)	$ 166,183
Contractual services	86,054	86,812	(758)	76,514
Materials and supplies	30,100	33,082	(2,982)	34,458
Capital outlay	7,000	0	7,000	27,509
Total Motor Pool	286,229	286,215	14	304,664
Street Lighting				
Contractual services	13,368	13,053	315	11,384
Street Sweeper				
Personal services	32,626	32,576	50	31,820
Contract services	1,000	845	155	2,012
Materials and supplies	6,974	6,442	532	6,077
Total Street Sweeper	40,600	39,863	737	39,909
Cemetery				
Personal services	133,621	118,431	15,190	128,685
Contractual services	10,382	20,269	(9,887)	11,380
Materials and supplies	18,021	19,304	(1,283)	17,499
Total Cemetery	162,024	158,004	4,020	157,564
Total Public Works	1,100,114	1,083,913	16,201	1,091,821
Health and Welfare				
Agency allocations				
Community Partnership	3,000	3,000	0	5,900
Elbert County Aging Program	6,000	6,000	0	6,000
Total Health and Welfare	9,000	9,000	0	11,900
Culture and Recreation				
Elbert Theatre				
Personal services	46,186	46,132	54	44,263
Contract services	15,727	8,259	7,468	8,462
Materials and supplies	19,300	16,162	3,138	19,065
Total Elbert Theatre	81,213	70,553	10,660	71,790
Agency allocations				
Library	60,000	60,000	0	60,000
Sister City Program	7,500	7,500	0	7,500
Elbert County Historical Society	5,000	5,000	0	0
Total agency allocations	72,500	72,500	0	67,500
Total Culture and Recreation	153,713	143,053	10,660	139,290

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Housing and Development				
Zoning/City Marshal				
Personal services	$ 58,648	$ 58,619	$ 29	$ 56,614
Contractual services	2,602	3,292	(690)	1,355
Materials and supplies	5,300	4,111	1,189	2,885
Total Zoning/Special Projects	66,550	66,022	528	60,854
Code Enforcement				
Personal services	43,748	41,465	2,283	42,157
Contractual services	32,602	11,042	21,560	4,964
Materials and supplies	2,776	1,191	1,585	1,771
Total Code Enforcement	79,126	53,698	25,428	48,892
Economic Development				
Mainstreet Elberton	97,719	92,436	5,283	62,409
Total Housing and Development	243,395	212,156	31,239	172,155
Total current	4,716,134	4,527,514	188,620	4,779,286
Debt service				
Public Safety				
Police - Administration	7,392	7,392	0	11,087
Total expenditures	$ 4,723,526	$ 4,534,906	$ 188,620	$ 4,790,373

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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, 2012 and 2011

	2012	2011
ASSETS		
Taxes receivable	$ 3,061	$ 4,068
LIABILITIES AND FUND BALANCES		
Fund balances		
Assigned for Housing and Development	$ 3,061	$ 4,068

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, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 66,000	$ 45,344	$ (20,656)	$ 58,651
Total revenues	66,000	45,344	(20,656)	58,651
EXPENDITURES				
Housing and Development				
Elbert Theatre				
Contract services	13,000	7,770	5,230	3,800
Chamber of Commerce				
Payments to other agencies	20,000	20,000	0	20,000
Total expenditures	33,000	27,770	5,230	23,800
Excess (deficiency) of revenues over (under) expenditures	33,000	17,574	(15,426)	34,851
Other financing sources (uses)				
Transfers in (out)				
General Fund	(33,000)	(18,581)	14,419	(35,993)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,007)	(1,007)	(1,142)
Fund balances, July 1	0	4,068	4,068	5,210
Fund balances, June 30	$ 0	$ 3,061	$ 3,061	$ 4,068

CITY OF ELBERTON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Due from other funds	$ 32,000	$ 0
Notes receivable	448,000	480,000
Total assets	$ 480,000	$ 480,000
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Housing and Development	$ 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, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 0	$ 0	$ 0	$ 0
Total revenues	0	0	0	0
EXPENDITURES				
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.*

***2011 Special Purpose Local Option Sales Tax Fund** - This fund is used to account for long-term projects financed by the passage of the 2011 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, 2012 and 2011

	2012	2011
ASSETS		
Cash	$ 172,910	$ 639,619
Intergovernmental receivable	36,158	98,569
	$ 209,068	$ 738,188
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 24,926	$ 3,733
Fund balances		
Restricted for capital projects	184,142	734,455
Total liabilities and fund balances	$ 209,068	$ 738,188

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, 2012 and 2011

	2012	2011
REVENUES		
Intergovernmental	$ 173,117	$ 634,095
Interest	289	1,195
Total revenues	173,406	635,290
EXPENDITURES		
Capital Outlay		
Public Safety	5,676	60,622
Public Works	303,942	91,516
Culture and Recreation	11,875	0
Total expenditures	321,493	152,138
Excess (deficiency) of revenues over (under) expenditures	(148,087)	483,152
Other financing sources (uses)		
Transfers in (out)		
Combined Public Utility System Fund	(402,226)	(115,016)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(550,313)	368,136
Fund balances, July 1	734,455	366,319
Fund balances, June 30	$ 184,142	$ 734,455

CITY OF ELBERTON, GEORGIA
2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2012

ASSETS	
Cash	$ 212,216
Intergovernmental receivable	95,792
	$ 308,008
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	$ 31,284
Fund balances	
Restricted for capital projects	276,724
Total liabilities and fund balances	$ 308,008

CITY OF ELBERTON, GEORGIA
2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
For the fiscal year ended June 30, 2012

REVENUES		
Intergovernmental	$	590,512
Interest		61
Total revenues		590,573
EXPENDITURES		
Capital Outlay		
Public Safety		51,431
Housing and Development		199,548
Culture and Recreation		31,586
Total expenditures		282,565
Excess (deficiency) of revenues over (under) expenditures		308,008
Other financing sources (uses)		
Transfers in (out)		
ElbertonNet Technology Services Fund		(31,284)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		276,724
Fund balances, July 1		0
Fund balances, June 30	$	276,724

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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, 2012 and 2011

ASSETS	**2012**	**2011**
Current assets		
Cash	$ 111,230	$ 651,481
Certificates of deposit	527,532	526,278
Investments	4,096,309	3,705,769
Receivables		
Accounts (net)	1,869,670	2,013,997
Interest	2,044	3,250
Inventories	422,117	422,020
Due from other funds	0	16,501
Other current assets	28,177	29,502
Total current assets	7,057,079	7,368,798
Restricted assets		
MEAG Generation Trust		
Investments	1,651,198	1,082,149
Bond Redemption		
Cash	481,169	511,640
Customer Deposits		
Investments	637,498	625,808
Total restricted assets	2,769,865	2,219,597
Capital assets		
Land	247,035	247,035
Intangible assets	377,692	377,692
Buildings	490,221	398,381
Distribution system	35,318,387	34,613,794
Vehicles and equipment	1,890,714	1,884,945
Construction in progress	351,738	135,625
Accumulated depreciation	(17,459,226)	(16,280,101)
Total capital assets (net of accumulated depreciation)	21,216,561	21,377,371
Other assets		
Bond issuance costs (net of accumulated amortization)	318,812	185,755
Advances to other funds	4,334,242	4,194,833
Total other assets	4,653,054	4,380,588
Total assets	35,696,559	35,346,354

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

LIABILITIES	**2012**	**2011**
Current liabilities		
Payables		
Accounts	$ 1,125,726	$ 1,105,545
Sales tax	91,699	85,584
Accrued salaries	22,301	10,381
Compensated absences	99,355	94,381
Other current liabilities	42,838	20,330
Due to other funds	69,287	10,811
Total current liabilities	1,451,206	1,327,032
Current liabilities payable from restricted assets		
Customer deposits payable	637,498	625,808
Interest payable	111,998	210,644
Bonds payable	720,000	605,000
Total liabilities payable from restricted assets	1,469,496	1,441,452
Noncurrent liabilities		
Compensated absences	42,581	40,449
Bonds payable	7,500,000	7,930,000
Total noncurrent liabilities	7,542,581	7,970,449
Total liabilities	10,463,283	10,738,933
NET ASSETS		
Invested in capital assets, net of related debt	12,996,561	12,842,371
Restricted for:		
Debt service	369,171	300,996
MEAG Generation Trust	1,651,198	1,082,149
Unrestricted	10,216,346	10,381,905
Total net assets	$ 25,233,276	$ 24,607,421

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services	$ 21,825,135	$ 22,830,850
Miscellaneous revenues	17,365	25,282
Total operating revenues	21,842,500	22,856,132
OPERATING EXPENSES		
Costs of sales and services	15,061,551	14,663,612
Personal services	2,408,339	2,283,786
Depreciation	1,183,719	1,165,449
Miscellaneous expenses	133,024	82,048
Total operating expenses	18,786,633	18,194,895
Operating income (loss)	3,055,867	4,661,237
Non-operating revenues (expenses)		
Interest revenue	38,738	33,469
Interest expense	(364,467)	(434,714)
Amortization	(25,625)	(17,691)
Gain (loss) on sale of capital assets	2,404	0
Total non-operating revenues (expenses)	(348,950)	(418,936)
Net income (loss) before capital contributions and transfers	2,706,917	4,242,301
Capital contributions		
Intergovernmental	51,712	38,833
Other	0	44,245
Total capital contributions	51,712	83,078
Net income (loss) before transfers	2,758,629	4,325,379
Transfers in (out)		
2006 SPLOST Fund	402,226	115,016
ElbertonNET Technology Services Fund	(385,000)	(400,000)
General Fund	(2,150,000)	(2,253,500)
Total transfers	(2,132,774)	(2,538,484)
Change in net assets	625,855	1,786,895
Net assets, July 1	24,607,421	22,820,526
Net assets, June 30	$ 25,233,276	$ 24,607,421

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services	$ 15,566,693	$ 15,721,112
Miscellaneous revenues	7,176	16,320
Total operating revenues	15,573,869	15,737,432
OPERATING EXPENSES		
Costs of sales and services	11,579,251	10,853,633
Personal services	1,281,488	1,206,131
Depreciation	330,348	312,953
Miscellaneous expenses	117,637	58,018
Total operating expenses	13,308,724	12,430,735
Operating income (loss)	2,265,145	3,306,697
Non-operating revenues (expenses)		
Interest revenue	33,381	25,620
Gain on sale of capital assets	2,404	0
Total non-operating revenues (expenses)	35,785	25,620
Net income (loss) before capital contributions and transfers	2,300,930	3,332,317
Capital contributions		
Intergovernmental	51,712	0
Other	0	10,388
Total capital contributions	51,712	10,388
Net income (loss) before transfers	2,352,642	3,342,705
Transfers in (out)		
General Fund	(1,500,000)	(1,515,500)
ElbertonNET Technology Services Fund	(385,000)	(400,000)
Total transfers	(1,885,000)	(1,915,500)
Change in net assets	$ 467,642	$ 1,427,205

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services	$ 2,817,914	$ 2,778,123
Miscellaneous revenues	5,829	5,161
Total operating revenues	2,823,743	2,783,284
OPERATING EXPENSES		
Costs of sales and services	990,255	914,202
Personal services	845,766	829,176
Depreciation	726,663	739,874
Miscellaneous expenses	6,495	8,830
Total operating expenses	2,569,179	2,492,082
Operating income (loss)	254,564	291,202
Non-operating revenues (expenses)		
Interest revenue	1,656	867
Interest expense	(364,467)	(434,714)
Amortization	(25,625)	(17,691)
Total non-operating revenues (expenses)	(388,436)	(451,538)
Net income (loss) before capital contributions and transfers	(133,872)	(160,336)
Captial contributions		
Other	0	33,857
Net income (loss) before transfers	(133,872)	(126,479)
Transfers in (out)		
2006 SPLOST Fund	402,226	115,016
Change in net assets	$ 268,354	$ (11,463)

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services	$ 3,440,528	$ 4,331,615
Miscellaneous revenues	4,360	3,801
Total operating revenues	3,444,888	4,335,416
OPERATING EXPENSES		
Costs of sales and services	2,492,045	2,895,777
Personal services	281,085	248,479
Depreciation	126,708	112,622
Miscellaneous expenses	8,892	15,200
Total operating expenses	2,908,730	3,272,078
Operating income (loss)	536,158	1,063,338
Non-operating revenues (expenses)		
Interest revenue	3,701	6,982
Net income (loss) before capital contributions and transfers	539,859	1,070,320
Capital contributions		
Intergovernmental	0	38,833
Net income (loss) before transfers	539,859	1,109,153
Transfers in (out)		
General Fund	(650,000)	(738,000)
Change in net assets	$ (110,141)	$ 371,153

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 22,009,775	$ 22,817,296
Payments to suppliers	(15,030,254)	(14,668,602)
Payments to employees	(2,389,313)	(2,319,685)
Other receipts	17,365	25,282
Other payments	(133,024)	(82,048)
Net cash provided (used) by operating activities	4,474,549	5,772,243
Cash flows from non-capital financing activities:		
Receipts from other governments	0	12,500
Payments to other funds	(2,599,432)	(3,496,087)
Net cash provided (used) by non-capital financing activities	(2,599,432)	(3,483,587)
Cash flows from capital and related financing activities:		
Receipts from sale of assets	2,404	0
Receipts from other governments	51,712	38,833
Receipts from other funds	402,226	115,016
Interest paid	(463,113)	(446,789)
Payment of capital related accounts payable	(9,888)	(10,330)
Acquisition of capital assets	(1,022,907)	(706,412)
Debt issue cost	(158,682)	0
Issuance of bonds payable	8,355,000	0
Principal payments - bonds	(8,670,000)	(575,000)
Net cash provided (used) by capital and related financing activities	(1,513,248)	(1,584,682)
Cash flows from investing activities:		
Interest received	39,944	34,968
Proceeds from sale of investments	1,076,278	1,201,639
Purchase of investments	(2,048,813)	(2,154,662)
Net cash provided (used) by investing activities	(932,591)	(918,055)
Net increase (decrease) in cash	(570,722)	(214,081)
Cash, July 1	1,163,121	1,377,202
Cash, June 30	$ 592,399	$ 1,163,121

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 3,055,867	$ 4,661,237
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,183,719	1,165,449
(Increase) decrease in accounts receivable	144,327	(17,699)
(Increase) decrease in inventories	(97)	(31,886)
(Increase) decrease in other current assets	1,325	(1,588)
Increase (decrease) in accounts payable	30,069	28,484
Increase (decrease) in sales tax payable	6,115	(7,163)
Increase (decrease) in accrued salaries	11,920	(49,783)
Increase (decrease) in compensated absences payable	7,106	13,884
Increase (decrease) in deposits payable	11,690	47,937
Increase (decrease) in other current liabilities	22,508	(36,629)
Total adjustments	1,418,682	1,111,006
Net cash provided (used) by operating activities	$ 4,474,549	$ 5,772,243
Cash reconciliation:		
Cash	$ 111,230	$ 651,481
Bond Redemption Cash	481,169	511,640
Total cash	$ 592,399	$ 1,163,121

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

ASSETS	**2012**	**2011**
Capital assets		
Land	$ 0	$ 0
Land improvements	0	0
Accumulated depreciation	0	0
Total assets	0	0
LIABILITIES		
NET ASSETS		
Invested in capital assets	$ 0	$ 0

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, 2012 and 2011

OPERATING REVENUES	**2012**	**2011**
Total operating revenues	$ 0	$ 0
OPERATING EXPENSES		
Depreciation	0	9,399
Total operating expenses	0	9,399
Operating income (loss)	0	(9,399)
Non-operating revenues (expenses)		
Distributions to other agencies	0	(450,000)
Net income before transfers	0	(459,399)
Transfers in (out)		
Governmental Activities	0	(176,712)
Combined Utilities Fund	0	(44,245)
Total transfers	0	(220,957)
Change in net assets	0	(680,356)
Net assets, July 1	0	680,356
Net assets, June 30	$ 0	$ 0

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
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)	$ 0	$ (9,399)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	0	9,399
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, 2012 and 2011

ASSETS	**2012**	**2011**
Current assets		
Accounts receivable (net)	$ 54,800	$ 74,432
Due from other funds	2,810	10,811
Total current assets	57,610	85,243
Capital assets		
Land	14,400	14,400
Land improvements	54,739	54,739
Buildings	86,886	86,886
Vehicles and equipment	597,796	618,132
Accumulated depreciation	(644,576)	(616,709)
Total capital assets (net of accumulated depreciation)	109,245	157,448
Total assets	166,855	242,691
LIABILITIES		
Current liabilities		
Payables		
Accounts	16,380	21,104
Interest	0	30
Accrued salaries	5,644	4,833
Compensated absences	10,171	7,072
Capital leases payable	0	21,309
Total current liabilities	32,195	54,348
Noncurrent liabilities		
Compensated absences	4,359	3,031
Total liabilities	36,554	57,379
NET ASSETS		
Invested in capital assets, net of related debt	109,245	136,139
Unrestricted	21,056	49,173
Total net assets	$ 130,301	$ 185,312

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, 2012 and 2011

OPERATING REVENUES	**2012**	**2011**
Charges for sales and services		
Residential service	$ 340,556	$ 355,341
Commercial service	263,405	277,177
Sale of recyclables	159,672	160,998
Garbage container sales	6,185	7,803
Total operating revenues	769,818	801,319
OPERATING EXPENSES		
Costs of sales and services	379,663	381,616
Personal services	394,039	376,586
Depreciation	48,202	49,470
Miscellaneous	2,687	3,390
Total operating expenses	824,591	811,062
Operating income (loss)	(54,773)	(9,743)
Non-operating revenues (expenses)		
Interest revenue	0	23
Interest expense	(238)	(1,235)
Total non-operating revenues (expenses)	(238)	(1,212)
Change in net assets	(55,011)	(10,955)
Net assets, July 1	185,312	196,267
Net assets, June 30	$ 130,301	$ 185,312

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 789,450	$ 792,860
Payments to suppliers	(384,387)	(381,780)
Payments to employees	(388,801)	(381,114)
Other payments	(2,687)	(3,390)
Net cash provided (used) by operating activities	13,575	26,576
Cash flows from non-capital financing activities:		
Receipts from other funds	8,001	0
Payments to other funds	0	(3,597)
Net cash provided (used) by non-capital financing activities	8,001	(3,597)
Cash flows from capital and related financing activities:		
Principal payments - capital leases	(21,309)	(31,088)
Interest paid	(267)	(1,277)
Net cash provided (used) by capital and related financing activities	(21,576)	(32,365)
Cash flows from investing activities:		
Interest received	0	23
Net increase (decrease) in cash	0	(9,363)
Cash, July 1	0	9,363
Cash, June 30	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (54,773)	$ (9,743)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	48,202	49,470
(Increase) decrease in accounts receivable	19,632	(8,459)
Increase (decrease) in accounts payable	(4,724)	(164)
Increase (decrease) in accrued salaries	811	(4,354)
Increase (decrease) in compensated absences payable	4,427	(174)
Total adjustments	68,348	36,319
Net cash provided (used) by operating activities	$ 13,575	$ 26,576

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

ASSETS	**2012**	**2011**
Current assets		
Cash	$ 50	$ 0
Accounts receivable (net)	299,741	272,807
Prepaid items	10,780	10,488
Inventories	81,337	100,404
Due from other funds	31,284	0
Total current assets	423,192	383,699
Capital assets		
Land	6,900	6,900
Buildings	513,385	507,497
Vehicles and equipment	647,172	572,058
Construction in progress	0	6,535
Distribution system	7,628,709	7,339,931
Accumulated depreciation	(2,811,560)	(2,546,970)
Total capital assets (net of accumulated depreciation)	5,984,606	5,885,951
Other assets		
Bond issuance costs (net of accumulated amortization)	14,571	20,400
Total assets	6,422,369	6,290,050
LIABILITIES		
Current liabilities		
Payables		
Accounts	114,195	74,143
Intergovernmental	23,072	16,048
Interest	5,291	5,741
Accrued salaries	2,926	2,049
Compensated absences	15,781	15,405
Customer deposits	2,578	3,645
Capital lease payable	759,055	748,552
Total current liabilities	922,898	865,583
Noncurrent liabilities		
Compensated absences	6,763	6,602
Advances from other funds	4,334,242	4,194,833
Capital lease payable	1,806,244	2,560,074
Total noncurrent liabilities	6,147,249	6,761,509
Total liabilities	7,070,147	7,627,092
NET ASSETS		
Invested in capital assets, net of related debt	3,419,307	2,577,325
Unrestricted	(4,067,085)	(3,914,367)
Total net assets	$ (647,778)	$ (1,337,042)

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services	$ 2,740,805	$ 2,401,396
Total operating revenues	2,740,805	2,401,396
OPERATING EXPENSES		
Costs of sales and services	1,935,961	1,743,433
Personal services	319,044	297,732
Depreciation	271,276	261,405
Miscellaneous	10,402	9,280
Total operating expenses	2,536,683	2,311,850
Operating income (loss)	204,122	89,546
Non-operating revenues (expenses)		
Interest revenue	0	111
Gain (loss) on sale of capital assets	0	1,220
Amortization expense	(5,829)	(5,829)
Interest expense	(132,009)	(172,326)
Total non-operating revenues (expenses)	(137,838)	(176,824)
Net income (loss) before capital contributions and transfers	66,284	(87,278)
Capital contributions		
Intergovernmental	206,696	0
Net income (loss) before transfers	272,980	(87,278)
Transfers in (out)		
2011 SPLOST Fund	31,284	0
Combined Utilities Fund	385,000	400,000
Total transfers	416,284	400,000
Change in net assets	689,264	312,722
Net assets, July 1	(1,337,042)	(1,649,764)
Net assets, June 30	$ (647,778)	$ (1,337,042)

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 2,712,804	$ 2,376,948
Payments to suppliers	(1,866,606)	(1,750,499)
Payments to employees	(317,630)	(300,713)
Other payments	(10,402)	(9,280)
Net cash provided (used) by operating activities	518,166	316,456
Cash flows from non-capital financing activities:		
Receipts from other funds	493,125	731,886
Cash flows from capital and related financing activities:		
Issuance of capital lease	851,105	0
Receipts from sale of assets	0	1,220
Receipts from other governments	206,696	0
Receipts from other funds	31,284	0
Interest paid	(132,459)	(173,756)
Principal payments - capital lease obligations	(1,594,432)	(721,748)
Payment of capital related accounts payable	(4,684)	(17,892)
Acquisition of capital assets	(368,751)	(356,860)
Net cash provided (used) by capital and related financing activities	(1,011,241)	(1,269,036)
Cash flows from investing activities:		
Interest received	0	111
Net increase (decrease) in cash	50	(220,583)
Cash, July 1	0	220,583
Cash, June 30	$ 50	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 204,122	$ 89,546
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	271,276	261,405
(Increase) decrease in accounts receivable	(26,934)	(23,688)
(Increase) decrease in inventories	19,067	12,669
(Increase) decrease in prepaid items	(292)	(10,488)
Increase (decrease) in accounts payable	43,556	(13,543)
Increase (decrease) in intergovernmental payable	7,024	4,296
Increase (decrease) in customer deposits	(1,067)	(760)
Increase (decrease) in accrued salaries	877	(6,410)
Increase (decrease) in compensated absences payable	537	3,429
Total adjustments	314,044	226,910
Net cash provided (used) by operating activities	$ 518,166	$ 316,456

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $1,180 and $4,684 for the fiscal years ended June 30, 2012 and 2011, 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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 13,177	$ 3,360
LIABILITIES		
Due to other agencies	$ 13,177	$ 3,360

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2012

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash	$ 3,360	$ 178,231	$ 168,414	$ 13,177
LIABILITIES				
Due to other agencies	$ 3,360	$ 178,231	$ 168,414	$ 13,177

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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, 2012 and 2011

ASSETS	**2012**	**2011**
Cash	$ 7,792	$ 5,547
Prepaid items	369	349
Total assets	$ 8,161	$ 5,896
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 1,650	$ 1,400
Fund balances		
Nonspendable prepaid items	369	349
Assigned for Housing and Development	6,142	4,147
Total fund balances	6,511	4,496
Total liabilities and fund balances	$ 8,161	$ 5,896

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, 2012
(With comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 62,764	$ 92,436	$ 29,672	$ 62,410
Rents	29,784	31,134	1,350	30,964
Event revenue	9,900	12,965	3,065	13,455
Interest	0	1	1	0
Total revenues	102,448	136,536	34,088	106,829
EXPENDITURES				
Current				
Economic Development				
Personnel services	50,912	53,280	(2,368)	51,483
Contract services	25,012	19,147	5,865	19,563
Materials and supplies	7,331	1,720	5,611	7,493
Debt service	19,193	60,374	(41,181)	23,386
Total expenditures	102,448	134,521	(32,073)	101,925
Excess (deficiency) of revenues over (under) expenditures	0	2,015	2,015	4,904
Fund balances, July 1	0	4,496	4,496	(408)
Fund balances, June 30	$ 0	$ 6,511	$ 6,511	$ 4,496

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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.	**104-118**
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.	**118-122**
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.	**123-128**
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.	**129-130**
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.	**131-136**
Other Information	**137-138**

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 Ten Fiscal Years

	FISCAL YEAR		
	2012	2011	2010
Governmental Activities			
Invested in capital assets, net of related debt	$ 4,474,881	$ 4,138,536	$ 3,924,223
Restricted	940,916	1,214,456	851,529
Unrestricted	374,476	483,631	517,319
Total Governmental Activities Net Assets	5,790,273	5,836,623	5,293,071
Business-type Activities			
Invested in capital assets, net of related debt	16,525,113	15,555,835	15,262,590
Restricted	2,020,369	1,383,145	504,668
Unrestricted	6,170,317	6,516,711	6,280,127
Total Business-Type Activities Net Assets	24,715,799	23,455,691	22,047,385
Primary Government			
Invested in capital assets, net of related debt	20,999,994	19,694,371	19,186,813
Restricted	2,961,285	2,597,601	1,356,197
Unrestricted	6,544,793	7,000,342	6,797,446
Total Primary Government Net Assets	$ 30,506,072	$ 29,292,314	$ 27,340,456

FISCAL YEAR						
2009	2008	2007	2006	2005	2004	2003
$ 3,935,047	$ 3,624,359	$ 3,471,430	$ 2,909,989	$ 3,035,688	$ 2,775,597	$ 2,519,805
730,810	419,048	369,936	275,544	76,648	20,523	0
447,389	224,861	36,620	(137,068)	(456,924)	(550,441)	(388,125)
5,113,246	4,268,268	3,877,986	3,048,465	2,655,412	2,245,679	2,131,680
14,315,837	13,384,786	12,175,380	12,350,686	12,625,161	7,715,919	11,154,194
305,477	289,907	523,595	525,970	518,176	4,991,805	0
4,288,720	4,077,359	4,052,857	3,104,570	2,242,107	2,132,913	3,280,605
18,910,034	17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799
18,250,884	17,009,145	15,646,810	15,260,675	15,660,849	10,491,516	13,673,999
1,036,287	708,955	893,531	801,514	594,824	5,012,328	0
4,736,109	4,302,220	4,089,477	2,967,502	1,785,183	1,582,472	2,892,480
$ 24,023,280	$ 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 Ten Fiscal Years

	FISCAL YEAR		
Expenses	**2012**	**2011**	**2010**
Governmental Activities:			
General Government	$ 697,793	$ 782,934	$ 776,304
Judicial	104,279	99,901	101,982
Public Safety	2,395,267	2,509,964	2,442,237
Public Works	1,166,098	1,155,171	1,178,530
Health and Welfare	9,000	11,900	9,900
Culture and Recreation	167,465	163,831	161,416
Housing and Development	247,896	205,442	246,774
Non-departmental	0	0	0
Interest on Long-term Debt	92	437	2,716
Total Governmental Activities	4,787,890	4,929,580	4,919,859
Business-type Activities:			
Combined Public Utilities			
Electric	13,064,053	12,136,219	11,302,256
Water and Sewer	2,816,229	2,797,193	2,808,412
Natural Gas	2,734,236	3,075,133	3,329,597
Telecommunications	0	0	0
ElbertonNET Technology Services	2,623,765	2,435,188	2,166,187
Industrial Park	0	459,399	7,047
Solid Waste	768,886	757,211	774,633
Total Business-type Activities	22,007,169	21,660,343	20,388,132
Total Primary Government Expenses	26,795,059	26,589,923	25,307,991
Indirect Costs			
Governmental Activities:			
General Government	(464,060)	(546,280)	(456,853)
Public Works	(204,846)	(202,378)	(225,423)
Total Governmental Activities Indirect Cost	(668,906)	(748,658)	(682,276)
Business-type Activities:			
Combined Public Utilities			
Electric	244,671	294,516	263,319
Water and Sewer	143,042	147,294	137,540
Natural Gas	174,494	196,945	180,607
Telecommunications	0	0	0
ElbertonNET Technology Services	50,756	54,817	48,630
Solid Waste	55,943	55,086	52,180
Total Business-type Activities Indirect Cost	668,906	748,658	682,276
Total Primary Government Indirect Cost	0	0	0
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	53,823	55,109	60,476
Public Safety	178,550	227,569	235,767
Public Works	52,891	72,514	64,151
Culture and Recreation	0	0	0
Housing and Development	17,933	12,393	45,249
Operating Grants and Contributions	62,948	44,386	100,177
Capital Grants and Contributions	797,939	714,791	22,584
Total Governmental Activities Program Revenues	1,164,084	1,126,762	528,404
Business-type Activities:			
Charges for Services:			
Electric	15,566,693	15,721,112	15,570,785
Water and Sewer	2,817,914	2,778,123	2,854,234
Natural Gas	3,440,528	4,331,615	4,803,798
Telecommunications	0	0	0
ElbertonNET Technology Services	2,740,805	2,401,396	1,954,681
Solid Waste	769,818	801,319	789,409
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	258,408	38,833	11,167
Total Business-type Activities Program Revenues	25,594,166	26,072,398	25,984,074
Total Primary Government Program Revenues	26,758,250	27,199,160	26,512,478

FISCAL YEAR						
2009	2008	2007	2006	2005	2004	2003
$ 758,352	$ 734,895	$ 761,879	$ 865,142	$ 791,563	$ 767,964	$ 806,611
100,939	103,965	98,082	98,881	78,031	81,460	51,700
2,355,213	2,293,427	2,213,641	2,064,532	1,871,062	1,935,347	1,933,826
1,315,287	1,310,736	1,216,164	1,342,388	1,277,223	1,202,394	1,353,572
9,900	5,900	9,249	1,300	13,561	1,585	1,300
151,363	157,287	82,588	66,164	96,910	94,235	78,500
415,226	263,260	286,226	225,903	200,727	184,166	208,569
0	0	0	0	10,853	7,102	164,824
5,485	5,922	5,239	2,907	1,967	0	0
5,111,765	4,875,392	4,673,068	4,667,217	4,341,897	4,274,253	4,598,902
11,840,875	12,518,339	11,903,757	11,034,964	10,146,459	9,885,924	9,857,477
2,840,855	2,691,386	3,095,123	2,590,337	2,389,663	2,184,983	1,821,365
3,923,296	4,022,390	4,465,284	4,912,460	3,726,484	3,306,671	2,924,549
0	0	0	40,261	877,771	950,561	994,930
1,945,176	2,251,378	1,818,099	1,672,512	1,007,243	973,141	907,352
7,048	7,047	7,048	7,262	14,967	12,699	17,148
737,010	692,069	655,667	579,156	556,310	547,952	444,185
21,294,260	22,182,609	21,944,978	20,836,952	18,718,897	17,861,931	16,967,006
26,406,025	27,058,001	26,618,046	25,504,169	23,060,794	22,136,184	21,565,908
(450,154)	(431,896)	(411,379)	(649,151)	(429,572)	(430,654)	(604,326)
(221,872)	(217,936)	(167,910)	(240,056)	(396,892)	(337,142)	(317,242)
(672,026)	(649,832)	(579,289)	(889,207)	(826,464)	(767,796)	(921,568)
259,899	250,461	228,156	297,849	314,994	291,397	338,400
135,338	131,349	97,122	194,293	146,748	141,817	183,808
178,075	172,194	140,551	278,517	171,856	208,266	243,164
0	0	0	0	59,167	69,150	69,150
47,642	46,096	40,866	17,793	10,000	10,000	10,296
51,072	49,732	72,594	100,755	123,699	47,166	76,750
672,026	649,832	579,289	889,207	826,464	767,796	921,568
0	0	0	0	0	0	0
55,965	57,784	62,241	63,572	140,450	134,306	122,135
232,192	242,567	214,756	225,841	211,864	247,217	285,517
59,175	62,405	58,637	71,253	71,190	43,822	87,370
0	0	0	0	0	0	28,243
44,145	37,504	37,130	19,235	39,664	20,668	20,546
72,158	842	8,722	39,969	120,474	14,179	32,964
877,058	99,514	231,841	200,000	392,279	504,455	0
1,340,693	500,616	613,327	619,870	975,921	964,647	576,775
14,462,334	14,505,101	13,769,282	12,886,623	11,948,853	11,406,837	10,846,657
2,878,146	2,881,331	2,916,737	2,654,050	2,575,343	2,382,676	2,310,276
5,279,518	5,632,829	5,387,505	6,227,798	5,346,246	4,981,635	4,641,330
0	0	0	0	533,407	545,739	534,671
1,675,254	1,559,185	1,336,275	1,058,866	691,799	599,950	471,646
739,446	763,511	697,416	670,577	667,104	618,808	562,326
0	41,324	750,039	16,030	36,642	47,198	76,475
0	0	398,258	248,737	0	70,830	11,237
25,034,698	25,383,281	25,255,512	23,762,681	21,799,394	20,653,673	19,454,618
26,375,391	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 Ten Fiscal Years

	FISCAL YEAR		
	2012	2011	2010
Change in Net Assets			
Net (expense) Revenue -			
Governmental Activities	$ (2,954,900)	$ (3,054,160)	$ (3,709,179)
Net (expense) Revenue -			
Business-type Activities	2,918,091	3,663,397	4,913,666
Total Primary Government			
Net (Expense) Revenue	(36,809)	609,237	1,204,487
General Revenues and			
Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Sales	592,734	633,998	1,345,161
Franchise	90,041	84,338	86,620
Occupational (1)	74,804	73,352	79,349
Insurance Premium	218,245	255,324	262,968
Alcoholic Beverages	153,664	143,118	141,394
Hotel/Motel	45,344	58,650	72,661
Other	5,294	3,160	3,829
Interest and Investment Earnings	2,646	2,500	4,092
Gain on Sale of Assets	0	10,123	1,800
Miscellaneous	9,288	17,953	17,034
Transfers	1,716,490	2,315,196	1,874,096
Total Government Activities	2,908,550	3,597,712	3,889,004
Business-type Activities			
Interest and Investment Earnings	38,738	33,603	66,891
Gain on Sale of Assets	2,404	1,220	5,225
Miscellaneous	17,365	25,282	25,665
Transfers	(1,716,490)	(2,315,196)	(1,874,096)
Total Business-type Activities	(1,657,983)	(2,255,091)	(1,776,315)
Total Primary Government General Revenues	1,250,567	1,342,621	2,112,689
Change in Net Assets			
Governmental Activities	(46,350)	543,552	179,825
Business-type Activities	1,260,108	1,408,306	3,137,351
Total Primary Government			
Change in Net Assets	1,213,758	1,951,858	3,317,176
Net Assets - beginning (original)			
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			
Beginning Net Assets (original)	29,292,314	27,340,456	24,023,280
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	5,836,623	5,293,071	5,113,246
Business-type Activities	23,455,691	22,047,385	18,910,034
Total Primary Government			
Beginning Net Assets (restated)	29,292,314	27,340,456	24,023,280
Change in Net Assets - ending			
Governmental Activities	5,790,273	5,836,623	5,293,071
Business-type Activities	24,715,799	23,455,691	22,047,385
Total Primary Government			
Ending Net Assets	$ 30,506,072	$ 29,292,314	$ 27,340,456

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

FISCAL YEAR						
2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
$ (3,099,046)	$ (3,724,944)	$ (3,480,452)	$ (3,158,140)	$ (2,539,512)	$ (2,541,810)	$ (3,100,559)
3,068,412	2,550,840	2,731,245	2,036,522	2,254,033	2,023,946	1,566,044
(30,634)	(1,174,104)	(749,207)	(1,121,618)	(285,479)	(517,864)	(1,534,515)
1,182,430	1,399,514	1,285,913	640,156	560,452	571,161	581,426
88,790	87,815	83,545	82,846	80,446	74,159	72,575
85,706	85,683	90,545	80,697	0	0	0
265,457	259,247	248,533	237,546	220,795	203,736	189,036
158,225	158,789	152,952	152,254	147,003	147,672	156,026
66,655	69,510	66,505	71,052	62,711	67,007	54,963
5,888	8,847	12,786	7,593	8,649	13,047	14,318
3,172	51,770	79,361	37,785	11,926	6,400	7,143
0	26,355	5,972	0	0	0	0
49,716	38,341	20,451	460,627	6,624	11,077	43,183
2,037,985	1,929,355	2,102,559	1,626,340	1,850,639	1,661,620	1,827,857
3,944,024	4,115,226	4,149,122	3,396,896	2,949,245	2,755,879	2,946,527
91,420	133,186	124,201	131,765	125,280	121,616	263,731
2,510	15,916	5,769	0	0	0	0
33,625	229,633	11,950	53,835	16,133	12,681	16,638
(2,037,985)	(1,929,355)	(2,102,559)	(1,626,340)	(1,850,639)	(1,752,405)	(1,827,857)
(1,910,430)	(1,550,620)	(1,960,639)	(1,440,740)	(1,709,226)	(1,618,108)	(1,547,488)
2,033,594	2,564,606	2,188,483	1,956,156	1,240,019	1,137,771	1,399,039
844,978	390,282	668,670	238,756	409,733	214,069	(154,032)
1,157,982	1,000,220	770,606	595,782	544,807	405,838	18,556
2,002,960	1,390,502	1,439,276	834,538	954,540	619,907	(135,476)
4,268,268	3,877,986	3,048,465	2,655,412	2,245,679	2,131,680	2,285,712
17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799	14,416,243
22,020,320	20,629,818	19,029,691	18,040,856	17,086,316	16,566,479	16,701,955
0	0	160,851	154,297	0	(100,070)	0
0	0	0	0	0	0	0
0	0	160,851	154,297	0	(100,070)	0
4,268,268	3,877,986	3,209,316	2,809,709	2,245,679	2,031,610	2,285,712
17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799	14,416,243
22,020,320	20,629,818	19,190,542	18,195,153	17,086,316	16,466,409	16,701,955
5,113,246	4,268,268	3,877,986	3,048,465	2,655,412	2,245,679	2,131,680
18,910,034	17,752,052	16,751,832	15,981,226	15,385,444	14,840,637	14,434,799
$ 24,023,280	$ 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 Ten Fiscal Years

	FISCAL YEAR		
	2012	2011	2010
General Fund			
Reserved			$ 144,344
Unreserved			865,048
Nonspendable (1)	$ 158,855	$ 170,860	
Restricted (1)	50	50	
Unassigned (1)	663,004	801,597	
Total General Fund	821,909	972,507	1,009,392
All Other Governmental Funds			
Unreserved, Reported in:			
Special Revenue Fund			485,210
Capital Project Funds			366,319
Nonspendable (1)		448,000	
Restricted (1)	940,866	766,455	
Assigned (1)	3,061	4,068	
Total All Other Governmental Funds	943,927	1,218,523	851,529
Total Governmental Fund Balances	$ 1,765,836	$ 2,191,030	$ 1,860,921

Note 1: The City adopted GASB 54 for reporting of fund balance classifications in 2011.

FISCAL YEAR						
2009	2008	2007	2006	2005	2004	2003
$ 393,228	$ 439,843	$ 147,922	$ 149,041	$ 92,216	$ 82,417	$ 79,609
569,642	307,883	413,512	323,490	153,157	76,158	204,393
962,870	747,726	561,434	472,531	245,373	158,575	284,002
485,210	6,885	8,972	13,798	0	0	0
245,600	412,163	360,964	198,646	76,649	20,523	0
730,810	419,048	369,936	212,444	76,649	20,523	0
$ 1,693,680	$ 1,166,774	$ 931,370	$ 684,975	$ 322,022	$ 179,098	$ 284,002

City of Elberton

Changes in Fund Balances - Governmental Funds (1)

Last Ten Fiscal Years

	FISCAL YEAR		
	2012	2011	2010
Revenues			
Taxes	$ 1,180,126	$ 1,251,941	$ 1,317,624
Licenses and permits (2)	70,936	67,553	103,994
Fines, fees and forfeitures	161,225	195,234	202,828
Charges for services	739,942	853,456	781,097
Intergovernmental	860,372	747,837	796,805
Interest	2,996	3,695	4,092
Other	9,453	28,097	17,348
Total Revenues	3,025,050	3,147,813	3,223,788
Expenditures			
General Government	688,978	872,270	795,652
Judicial	104,845	100,857	102,716
Public Safety	2,285,569	2,390,993	2,309,661
Public Works	1,083,913	1,091,821	1,117,742
Health and Welfare	9,000	11,900	9,900
Culture and Recreation	143,053	139,290	146,215
Housing and Development	239,926	195,955	242,834
Non-Departmental	0	0	0
Debt Service - Principal	7,300	10,650	86,590
Debt Service - Interest	92	437	2,716
Capital Outlay	604,058	152,138	118,417
Total Expenditures	5,166,734	4,966,311	4,932,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,141,684)	(1,818,498)	(1,708,655)
Other Financing Sources (Uses)			
Transfers In	2,168,581	2,289,493	2,304,843
Transfers Out	(452,091)	(151,009)	(430,747)
Sale of Capital Assets	0	10,123	1,800
Issuance of Capital Leases	0	0	0
Total Other Financing Sources (Uses)	1,716,490	2,148,607	1,875,896
Net Change in Fund Balances	(425,194)	330,109	167,241
Fund Balances, July 1	2,191,030	1,860,921	1,693,680
Prior Period Adjustment	0	0	0
Fund Balances, June 30	$ 1,765,836	$ 2,191,030	$ 1,860,921
Debt service as a percentage of noncapital expenditures	0.16%	0.24%	1.90%

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						
2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
$ 1,264,618	$ 1,375,542	$ 1,300,551	$ 1,191,447	$ 1,080,056	$ 1,076,782	$ 1,068,344
100,084	94,654	99,693	161,855	181,532	156,696	145,342
203,387	223,968	202,083	211,142	159,359	185,822	217,840
760,032	731,470	650,277	976,808	948,741	871,291	1,088,954
1,406,679	794,204	788,416	239,969	512,753	518,634	61,207
3,172	51,770	79,361	37,785	11,926	6,400	7,143
49,786	38,357	112,826	56,356	6,624	11,076	23,669
3,787,758	3,309,965	3,233,207	2,875,362	2,900,991	2,826,701	2,612,499
739,722	717,350	725,386	848,845	818,311	747,114	801,863
100,616	103,447	97,015	97,358	77,692	80,577	53,456
2,234,428	2,171,102	2,122,180	2,064,065	1,846,427	1,915,206	1,870,738
1,281,083	1,208,520	1,079,879	1,227,280	1,315,284	1,068,128	1,328,679
9,900	5,900	5,000	1,300	13,561	1,300	1,300
142,491	186,597	155,888	60,000	296,144	313,220	156,205
412,796	234,047	192,520	229,786	199,959	257,013	139,535
0	0	0	0	10,853	7,102	164,824
45,538	58,298	64,794	46,118	40,046	0	0
5,485	5,922	5,239	2,907	1,967	0	0
457,778	380,548	807,331	88178	146447	146887	0
5,429,837	5,071,731	5,255,232	4,665,837	4,766,691	4,536,547	4,516,600
(1,642,079)	(1,761,766)	(2,022,025)	(1,790,475)	(1,865,700)	(1,709,846)	(1,904,101)
2,344,502	2,259,913	2,196,666	1,705,864	1,947,432	1,882,946	1,884,000
(306,517)	(330,558)	(94,107)	(79,524)	(96,793)	(221,326)	(56,143)
131,000	26,355	5,972	527,088	0	0	19,514
0	41,460	159,889	0	157,985	0	0
2,168,985	1,997,170	2,268,420	2,153,428	2,008,624	1,661,620	1,847,371
526,906	235,404	246,395	362,953	142,924	(48,226)	(56,730)
1,166,774	931,370	684,975	322,022	179,098	284,002	340,732
0	0	0	0	0	(56,678)	0
$ 1,693,680	$ 1,166,774	$ 931,370	$ 684,975	$ 322,022	$ 179,098	$ 284,002
1.06%	1.40%	1.59%	1.11%	1.03%	0.00%	0.00%

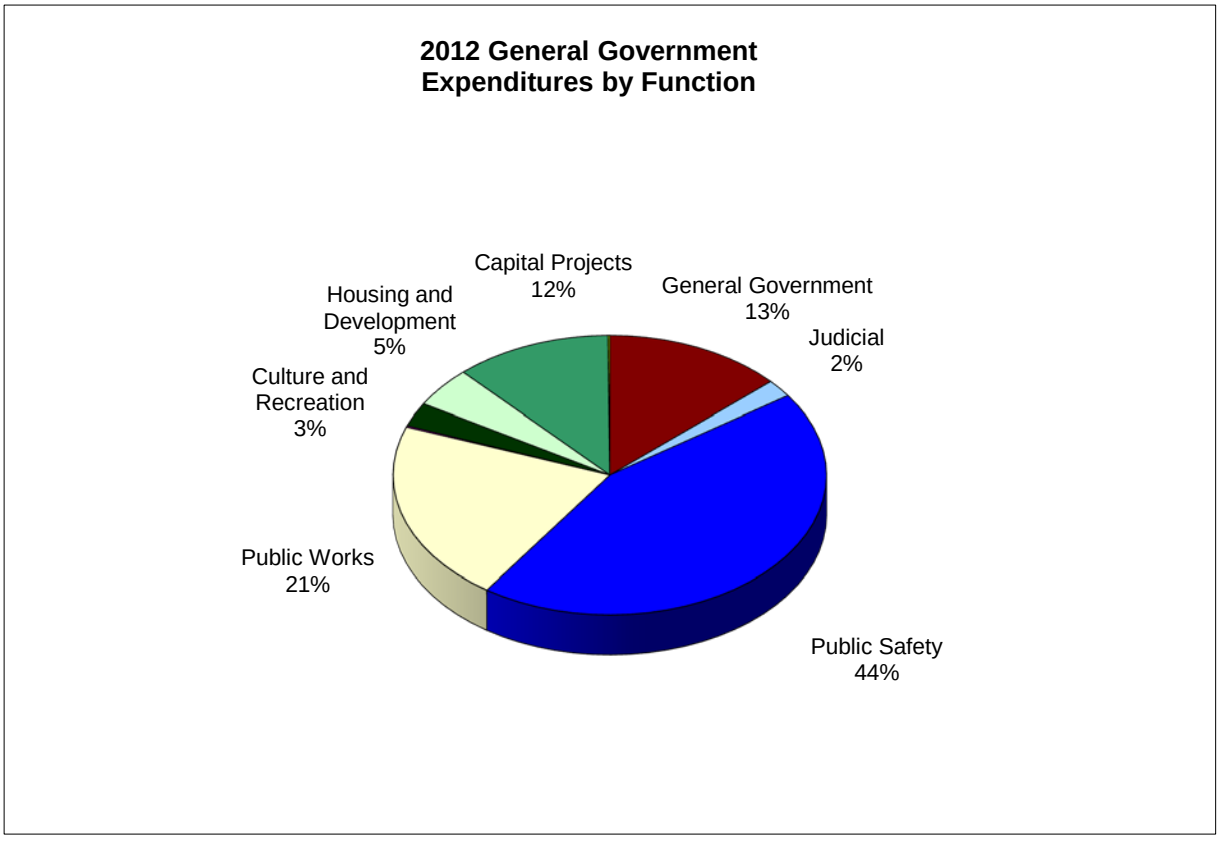
City of Elberton, Georgia

General Government Expenditures by Function (1)

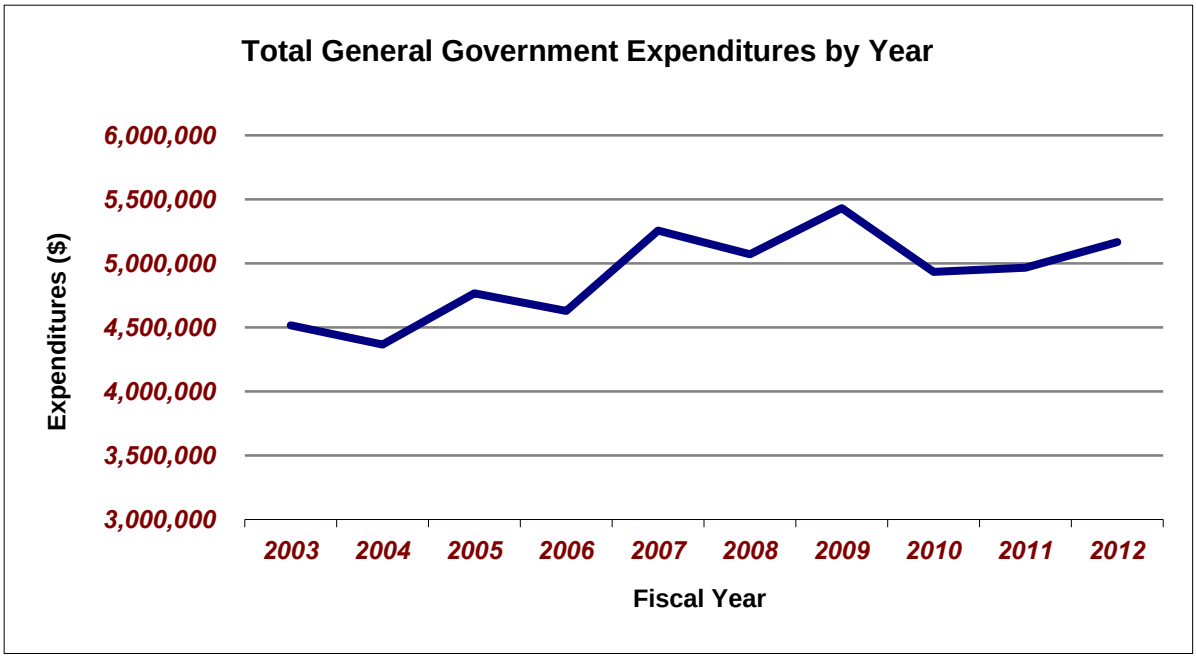
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial	Public Safety	Public Works	Health and Welfare
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
2012	688,978	104,845	2,285,569	1,083,913	9,000

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



Culture and Recreation	Housing and Development	Other	Capital Projects	Debt Service	Total
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
143,053	239,926	0	604,058	7,392	5,166,734



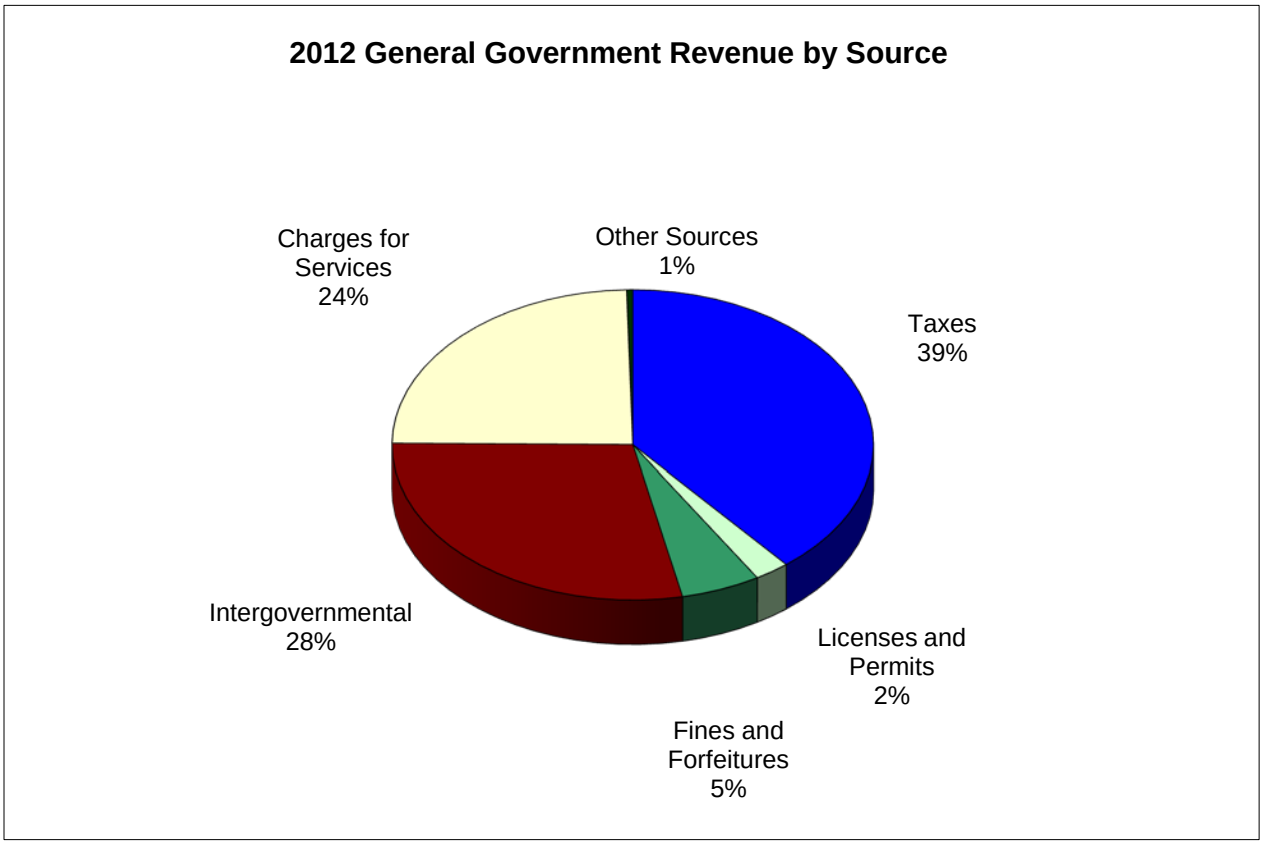
City of Elberton, Georgia

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
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
2012	1,180,126	70,936	161,225	860,372	739,942	12,449	3,025,050

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



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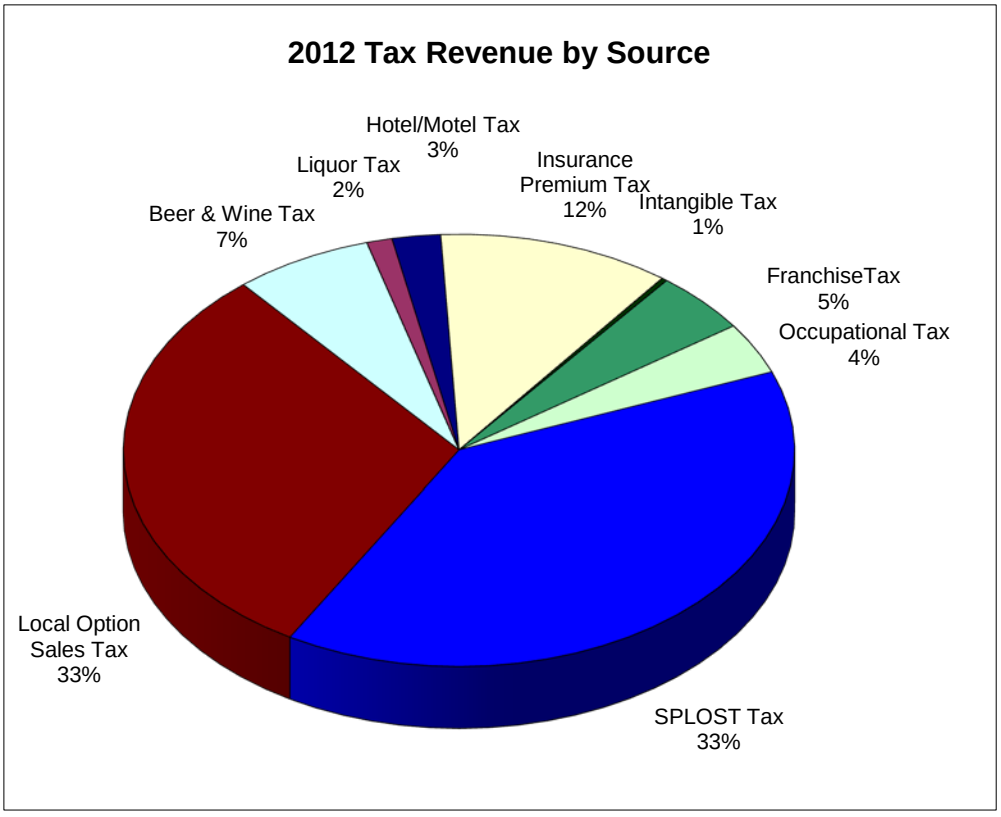
City of Elberton, Georgia

General Government Tax Revenues by Source

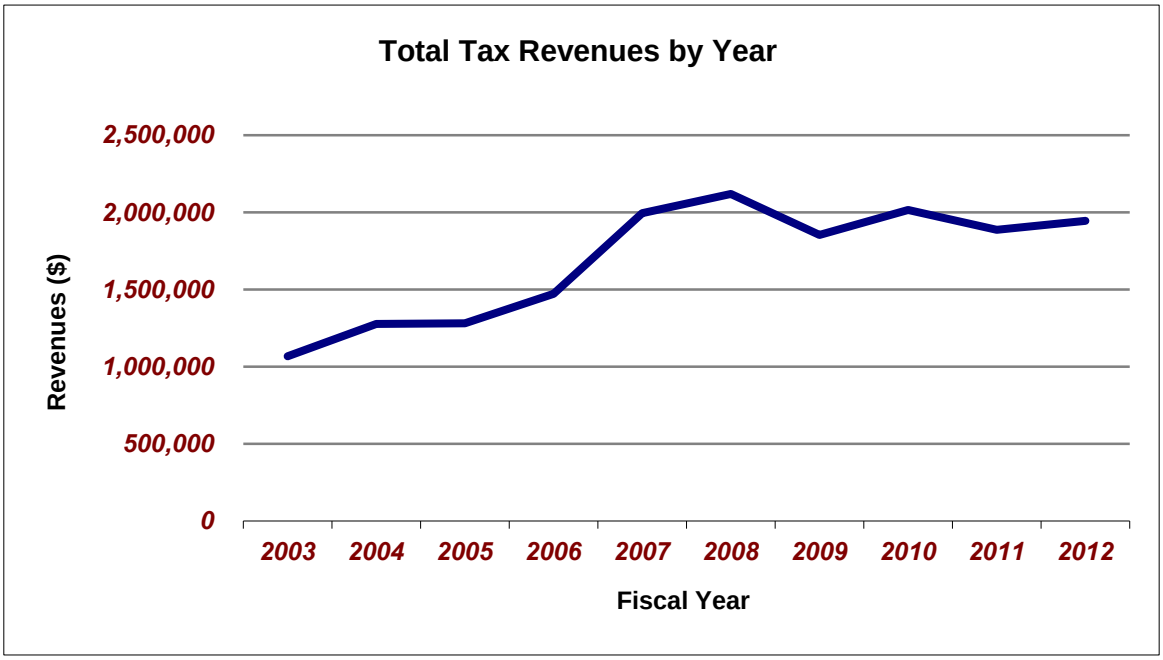
Last Ten Fiscal Years

Fiscal Year	Beer & Wine Tax	Liquor Tax	Hotel/Motel Tax (1)	Insurance Premium Tax	Intangible Tax
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
2012	129,709	23,955	45,344	218,245	5,294

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 Funds.



Franchise Tax	Occupational Tax (2)	SPLOST Tax (3)	Local Option Sales Tax	Total
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
90,041	74,804	763,629	592,734	1,943,755



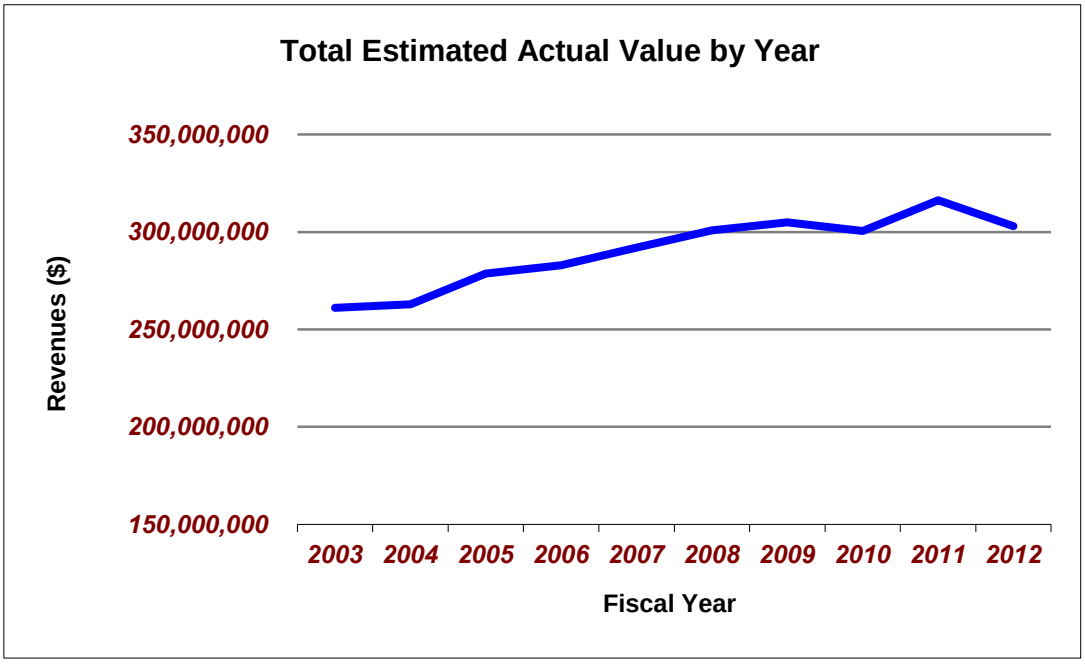
City of Elberton, Georgia

Assessed and Estimated Actual Value of Taxable Property

Digest Years 2003 - 2012

Calendar Year of Digest	Real Property	Motor Vehicles	Mobile Homes	Public Utilities
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
2012	107,168,885	7,840,330	205,713	5,963,813

Source: Elbert County Tax Digest



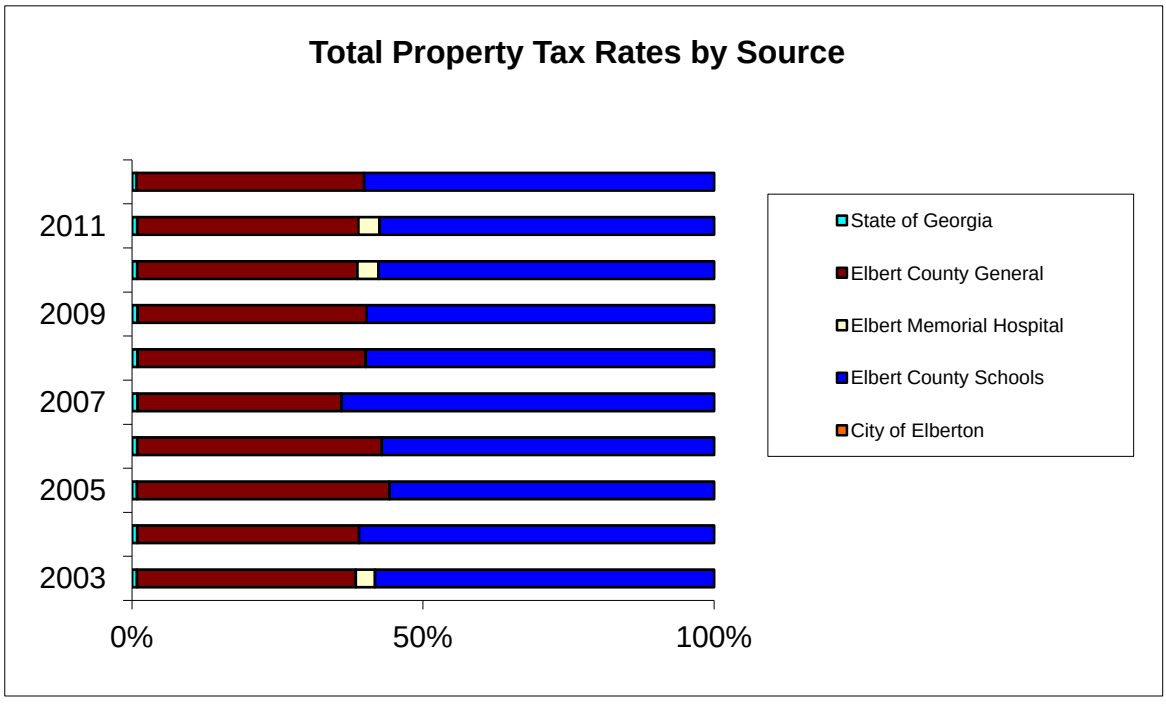
Total Property	Less: Exemptions	Total Taxable Property	Total Estimated Actual Value
104,415,928	(3,938,588)	100,477,340	261,039,820
105,175,370	(3,475,545)	101,699,825	262,938,425
111,467,609	(5,403,422)	106,064,187	278,669,023
113,156,358	(6,001,710)	107,154,648	282,890,895
116,778,032	(6,925,246)	109,852,786	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
121,178,741	(4,334,640)	116,844,101	302,946,853

City of Elberton, Georgia
Property Tax Rates
(per $1,000 of Assessed Value)
Digest Years 2003 - 2012

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
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
2012	0.20	10.44	0.00	10.44	16.06	0.00	26.70

Source: Elbert County Tax Digest

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



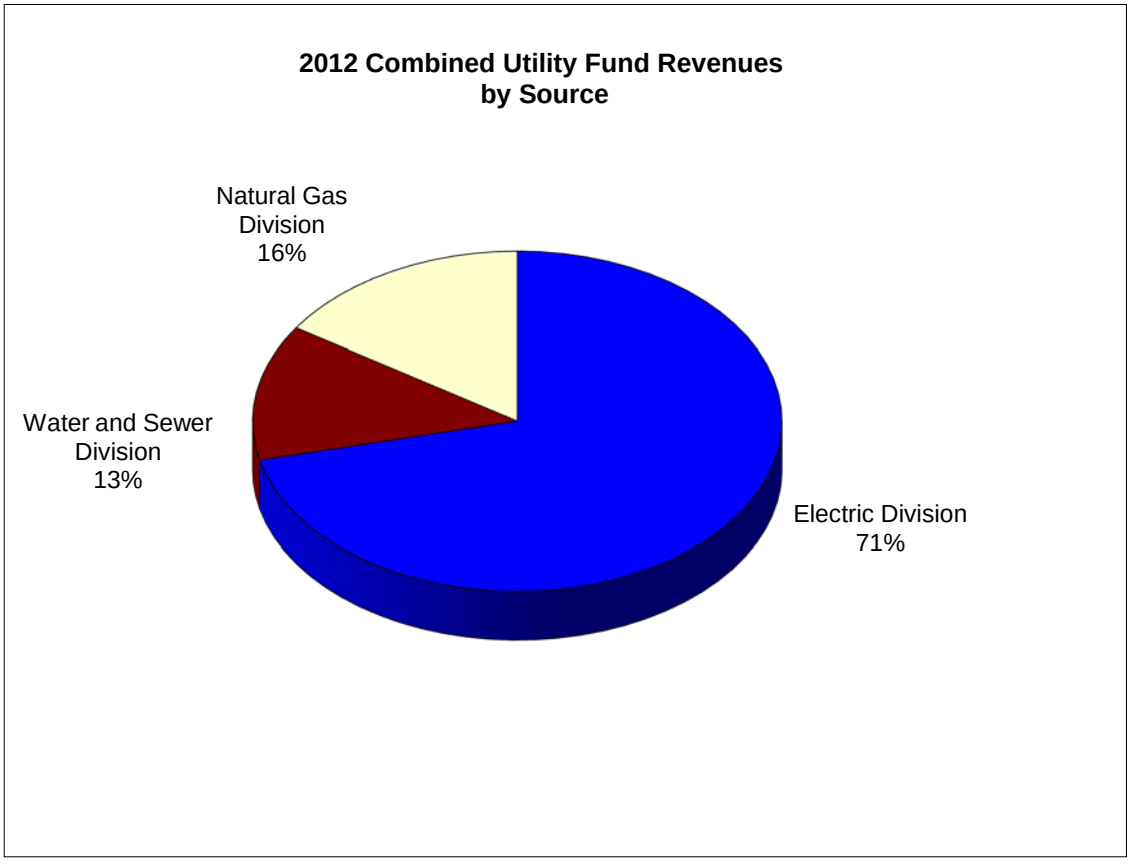
City of Elberton, Georgia

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
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
2012	15,573,869	2,823,743	3,444,888	0	21,842,500

Note (1): 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]
2003	0	12,570,000 [4]	0	8,559,123 [3]	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
2012	0	8,220,000	0	2,565,299	10,785,299	N/A	2,319

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, 2012

Net assessed value	$	116,844,101
Debt limit - 10% of total assessed value		11,684,410
Total General Obligation bonds outstanding		0
Legal debt margin	$	11,684,410
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 2011 Combined Public Utility System Revenue Bonds		8,220,000		1,767
Total General Obligation and Guaranteed Revenue Debt	$	8,220,000	$	1,767

City of Elberton
Legal Debt Margin Information
Last Ten Fiscal Years

	FISCAL YEAR		
	2012	2011	2010
Debt Limit	$ 11,684,410	$ 11,838,694	$ 11,637,481
Total Net Debt applicable to limit	0	0	0
Legal debt margin	11,684,410	11,838,694	11,637,481
Ratio of Legal Debt Margin to Debt Limit	100%	100%	100%

FISCAL YEAR						
2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
$ 11,714,344	$ 11,658,412	$ 10,985,279	$ 10,715,465	$ 10,606,419	$ 9,919,099	$ 9,649,400
0	0	0	0	0	0	0
11,714,344	11,658,412	10,985,279	10,715,465	10,606,419	9,919,099	9,649,400
100%	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
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
2012	605,000	364,467	969,467	2,823,743	2,569,179	254,564	0.26

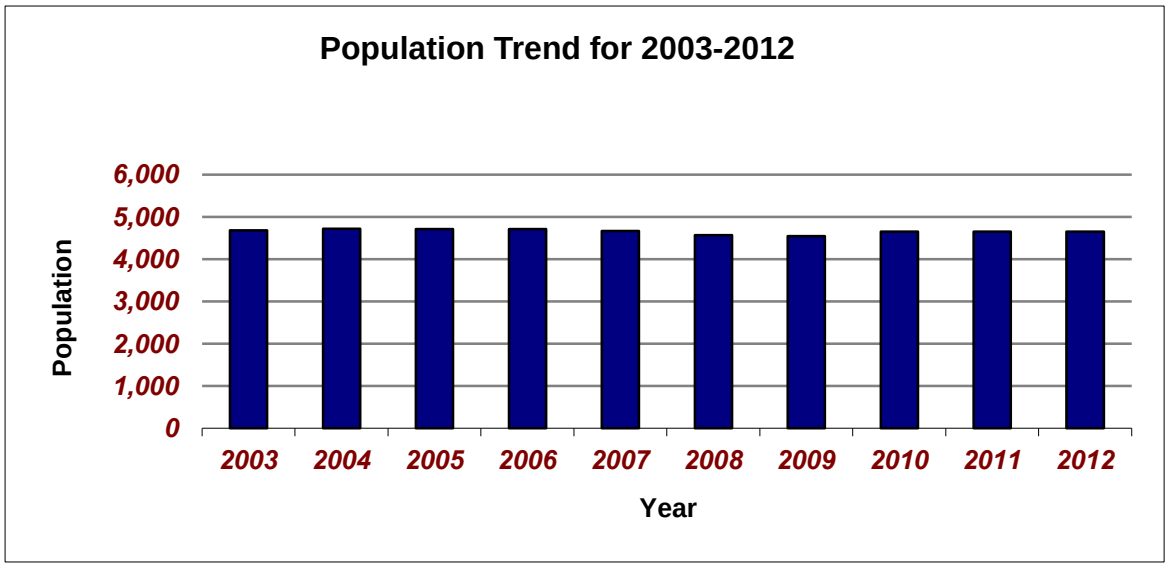
Combined Public Utility System Fund			
Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
18,349,572	15,535,832	2,813,740	2.79
19,329,568	16,157,187	3,172,381	3.14
20,419,982	16,988,617	3,431,365	3.41
21,805,626	18,753,890	3,051,736	3.02
22,085,474	19,389,273	2,696,201	2.66
23,079,463	19,259,740	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
21,842,500	18,786,633	3,055,867	3.15

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)
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
2012	4,653	13.1%	N/A	N/A	N/A	3,220

(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	2012 Number of Employees (1)	2012 Rank	2012 Percentage of Total for Principal Employers	2003 Number of Employees (2)	2003 Rank	2003 Percentage of Total for Principal Employers
Pilgrims Pride Corp	581	1	42.72%			
Star Granite Company	119	2	8.75%			
Elbert Memorial Hospital	107	3	7.87%			
Keystone Memorials	92	4	6.76%			
MollerTech South LLC	89	5	6.54%			
Pinnacle Bank	85	6	6.25%	67	7	3.72%
Everlasting Granite	80	7	5.88%			
Eagle Granite Company	74	8	5.44%			
Bubba Foods	70	9	5.15%			
Wal-Mart	63	10	4.63%	135	4	7.50%
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	1,360		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				
	2012	2011	2010	2009	2008
Function					
Primary government					
General Government	5	6	7	8	8
Judicial	1	1	1	1	1
Public Safety					
Animal Control	1	1	1	1	1
Police	22	22	23	22	22
Fire	16	16	19	19	19
Public Works	14	14	14	15	16
Culture and Recreation	1	1	1	1	1
Housing and Development	2	2	2	2	2
Combined Public Utilities	47	48	48	48	48
ElbertonNET Technology Services	6	6	6	7	7
Solid Waste	11	11	11	11	11
Total primary government	126	128	133	135	136
Component unit					
Downtown Development Authority	1	1	1	1	1
Total employees	127	129	134	136	137

Source: City of Elberton Annual Budget

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

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

Function	FISCAL YEAR 2012	2011	2010
Police			
Number of Citations	2,081	2,529	2,095
Number of Calls for Service	7,535	8,542	4,852
Fire			
Number of Calls Answered	204	295	299
Number of Inspections Conducted	212	288	316
Electrical Service:			
Number of customers	4,477	4,484	4,508
Kilowatt hours sold	150,187,217	149,315,808	149,630,117
Water & Sewer Service:			
Number of water customers	3,508	3,524	3,521
Gallons of water sold	460,021,368	451,648,930	469,613,481
Natural Gas Service:			
Number of customers	4,045	4,036	4,069
Cubic feet sold	331,140,000	374,576,000	428,663,000

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

FISCAL YEAR						
2009	2008	2007	2006	2005	2004	2003
2,203	2,510	1,998	2,013	2,462	1,392	1,459
5,218	4,125	4,227	4,199	6,522	6,344	3,435
255	307	280	266	264	281	N/A
534	407	252	220	121	135	N/A
4,554	4,571	4,593	4,616	4,615	4,621	4,667
151,699,419	155,845,065	158,921,697	161,500,250	159,404,230	158,550,136	150,709,415
3,553	3,553	3,561	3,510	3,500	3,497	3,504
478,893,842	503,882,368	536,608,535	515,502,430	509,652,612	545,894,000	505,840,375
4,091	4,133	4,181	4,239	4,265	4,301	4,313
397,483,000	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 Ten Fiscal Years

	FISCAL YEAR		
	2012	2011 [2]	2010
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	4	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	121	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	68	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	192	182
Broadband System			
Miles of fiber optics	104	99	95
Miles of coaxial cable	165	151	151
Number of active nodes	25	24	22

Source: Various City Departments.

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

Note 2: Miles of gas, water and santiary sewer mains were verified and updated in 2011 utilizing new GIS software. Actual extensions did not occur in 2011.

FISCAL YEAR						
2009	2008	2007	2006	2005	2004	2003
1	1	1	1	1	1	1
1	1	1	1	1	1	1
35	35	35	35	35	35	35
4	4	4	4	4	4	4
29.42	29.42	29.42	29.42	29.42	29.42	29.42
4	4	4	4	4	4	4
6	6	6	6	6	6	6
3	3	3	2	2	2	2
3	3	3	3	3	3	3
12	11	11	11	11	11	11
163	162	162	162	162	162	162
107	107	107	104	104	103	103
1	1	1	1	1	1	1
3MGD	3MGD	3MGD	3MGD	3MGD	3MGD	3MGD
62	62	62	62	62	62	62
2	2	2	2	2	2	2
1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD
7	7	7	7	7	7	7
181	181	181	169	169	169	169
70	65	65	65	65	65	65
106	96	92	92	92	92	92
15	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
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
2012	122	2,916,596

Source: City of Elberton Building Inspection Office

City of Elberton, Georgia
Miscellaneous Statistics
June 30, 2012

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	43
Number of students	686
Middle schools (6 - 8)	1
Number of teachers	51
Number of students	729
High schools (9 - 12)	1
Number of teachers	59
Number of students	823
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	125
Part-time	10

Source: Various city departments and local institutions

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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, 2012, which collectively comprise the City of Elberton, Georgia's the basic financial statements and have issued our report thereon dated November 6, 2012. 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

Management of City of Elberton, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Elberton's internal control over financial reposting 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 November 6, 2012.

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W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, PFS | Sally Walden-Crowe, CPA

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
November 6, 2012

CITY OF ELBERTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2012

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2006 SPLOST					
Infrastructure Improvements	$ 830,000	$ 830,000	$ 592,613	$ 303,942	$ 896,555
Elbert Theatre Improvements	145,000	145,000	272,122	11,875	283,997
Public Safety Building Improvements and Equipment	525,000	525,000	838,840	5,676	844,516
Water and Sewer Distribution System Improvements	1,400,000	1,400,000	1,042,735	402,226	1,444,961
Total	$ 2,900,000	$ 2,900,000	$ 2,746,310	$ 723,719	$ 3,470,029
2011 SPLOST					
Infrastructure Improvements	$ 358,000	$ 358,000	$ 0	$ 0	$ 0
Recreation Facilities and Equipment	595,000	595,000	0	31,586	31,586
Downtown Elberton Revitalization	300,000	300,000	0	199,548	199,548
Public Safety Equipment	750,000	750,000	0	51,431	51,431
Public Works Equipment	125,000	125,000	0	0	0
Broadband Distribution System Improvements	350,000	350,000	0	31,284	31,284
Water and Sewer Distribution System Improvements	1,350,000	1,350,000	0	0	0
Total	$ 3,828,000	$ 3,828,000	$ 0	$ 313,849	$ 313,849

* 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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