Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Financial Analysis of the City as a Whole

The City's net position at year-end is $1,556,894. The following table provides a summary of the City's net assets:

	12/31/12	Percentage of Total	As Restated 12/31/11	Percentage of Total
Assets:				
Current Assets	$ 852,907	43.0%	$ 810,590	40.8%
Capital Assets	1,130,862	57.0%	1,176,811	59.2%
Total Assets	1,983,769	100.0%	1,987,401	100.0%
Liabilities:				
Current Liabilities	65,587	15.4%	71,065	14.8%
Noncurrent Liabilities	361,288	84.6%	407,697	85.2%
Total Liabilities	426,875	100.0%	478,762	100.0%
Net Position:				
Invested in Capital Assets, net of related debt	744,817	47.8%	743,308	49.3%
Restricted	151,793	9.7%	67,812	4.5%
Unrestricted	660,284	42.4%	697,519	46.2%
Total Net Position	$ 1,556,894	100.0%	$ 1,508,639	100.0%

The City maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 13 to 1 for 2012 and 11 to 1 for 2011.

Note that approximately 48% of the governmental activities' net position is invested in capital assets for 2012. The City uses these capital assets to provide services to its citizens.

The following table provides a summary of the City's changes in net assets:

	12/31/12	Percentage of Total	12/31/11	Percentage of Total
Revenues:				
Program				
Charges for Services	83,818	10.1%	$ 96,501	9.7%
Operating Grants and Contributions	9,358	1.1%	226	0.0%
Capital Grants and Contributions	46,575	5.6%	277,632	27.7%
General				
Taxes	396,404	48.0%	331,041	33.1%
Franchise Fees	287,111	34.7%	289,937	29.0%
Interest Earned	1,590	0.2%	2,290	0.2%
Miscellaneous	2,982	0.4%	3,032	0.3%
Total Revenues	827,838	100.0%	1,000,659	100.0%
Program Expense				
General Government	349,430	44.8%	321,838	47.2%
Judicial	2,962	0.4%	10,946	1.6%
Public Safety	289,096	37.1%	217,357	31.9%
Public Works	105,513	13.4%	99,916	14.6%
Health and Welfare	4,259	0.5%	4,675	0.7%
Culture and Recreation	9,235	1.2%	8,163	1.2%
Housing and Economic Development	-	0.0%	580	0.1%
Interest on Long-Term Debt	19,088	2.4%	18,155	2.7%
Total Expenditures	779,583	100.0%	681,630	100.0%
Change in Net Position	48,255		319,029	
Beginning Net Position	1,508,639		1,144,274	
Prior Period Adjustment	-		45,336	
Beginning Net Position, as restated	1,508,639		1,189,610	
Ending Net Assets	$ 1,556,894		$ 1,508,639	

Governmental Revenues

The City's overall total revenues decreased for the year ended December 31, 2012. This was mainly due to the City receiving capital grant funding of $232,750 for the year ended December 31, 2011. The City received SPLOST revenue for expansion of sewer services, street improvements, and improvements to City parks.

Governmental Functional Expenses

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

For Governmental Activities

	Total Cost of Services 12/31/12	Net Cost of Services 12/31/12	Total Cost of Services 12/31/11	Net Cost of Services 12/31/11
General Government	$ 349,430	$ 340,980	$ 321,838	$ 302,838
Judicial	2,962	(68,838)	10,946	(66,555)
Public Safety	289,096	285,528	217,357	(15,393)
Public Works	105,513	49,580	99,916	55,034
Health and Welfare	4,259	4,259	4,675	4,675
Culture and Recreation	9,235	9,235	8,163	7,937
Housing and Economic Development	-	-	580	580
Interest on Long-Term Debt	19,088	19,088	18,155	18,155
Total	$ 779,583	$ 639,832	$ 681,630	$ 307,271

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, as of December 31, 2012 was $744,817. See Note 7 for additional information about changes in capital assets during the calendar year.

The following table provides a summary of capital asset activity:

	Governmental Activities	
	2012	2011
Capital Assets not Depreciated:		
Land	$ 111,250	$ 111,250
Depreciable Assets		
Buildings and Improvements	748,743	720,254
Equipment and Furniture	1,052,078	1,052,078
Total Depreciable Assets	1,800,821	1,772,332
Less: Accumulated Depreciation:	781,209	706,771
Book Value - Depreciable Assets	1,019,612	1,065,561
Percentage Depreciated	43%	40%
Book Value - All Assets	$1,130,862	$ 1,176,811

Debt

At the end of 2012, the City had approximately $411,000 outstanding from long-term debt, as compared to approximately $455,000 at the end of 2011.

The following is a summary of the City's long-term debt:

	Balance at 12/31/12	Balance at 12/31/11
Governmental Activities:		
Captial Leases Payable	$ 99,026	$ 120,938
Notes Payable	287,019	312,565
Accrued Compensated Absences	24,869	21,652
Total Long-Term Debt	$ 410,914	$ 455,155

See Note 8 for additional information about the City's long-term debt.

Financial Analysis of the City's Funds

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $826,353.

The total ending fund balances of governmental funds show a net increase of $73,081, a 9.7% increase from the prior year.

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance at December 31, 2012 was $674,560, an increase of $26,506 from 2011.

The 2007 Splost Fund shows an increase in fund balance of $46,575 from the prior year. This was mainly due to a decrease in expenditures.

Economic Conditions Affecting the City

The City's annual budget relies heavily on a strong local economy. The revenues collected from services are fairly consistent and predictable; however taxes and license fees are the product of a weak or strong economy.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City of Eton City Hall at (706) 695-2652.

City of Eton, Georgia
Statement of Net Position
December 31, 2012

	Governmental Activities
ASSETS	
Current Assets:	
Cash	$ 608,378
Receivables:	
Property and Other Taxes	99,481
Franchise Fees	90,383
Fines and Forfeitures	32,964
Intergovernmental	15,059
Prepaid Items	6,642
Total Current Assets	852,907
Noncurrent Assets:	
Capital Assets	
Nondepreciable Capital Assets:	
Land	111,250
Depreciable Capital Assets, net	1,019,612
Total Noncurrent Assets	1,130,862
Total Assets	1,983,769
LIABILITIES	
Current Liabilities:	
Accounts Payable	11,942
Accrued Expenses	4,019
Current Portion:	
Notes Payable	26,672
Capital Leases Payable	22,954
Total Current Liabilities	65,587
Noncurrent Liabilities:	
Compensated Absences	24,869
Notes Payable (Net of Current Portion)	260,347
Capital Leases Payable (Net of Current Portion)	76,072
Total Noncurrent Liabilities	361,288
Total Liabilities	426,875
NET POSITION	
Invested in Capital Assets, net of related debt	744,817
Restricted for Capital Projects	151,793
Unrestricted	660,284
Total Net Position	$ 1,556,894

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services, Sales and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:					
General Government	$ 349,430	$ 8,450	$ -	$ -	$ (340,980)
Judicial	2,962	71,800	-	-	68,838
Public Safety	289,096	3,568	-	-	(285,528)
Public Works	105,513	-	9,358	46,575	(49,580)
Health and Welfare	4,259	-	-	-	(4,259)
Culture and Recreation	9,235	-	-	-	(9,235)
Interest on Long-Term Debt	19,088	-	-	-	(19,088)
Total Governmental Activities	$ 779,583	$ 83,818	$ 9,358	$ 46,575	$ (639,832)

General Revenues:	
Taxes:	
Property Tax	191,547
Sales Tax	71,460
Alcohol Beverage Tax	73,890
Occupation Taxes	13,860
Other Taxes	45,647
Franchise Fees	287,111
Miscellaneous	2,982
Interest Earned	1,590
Total General Revenues	688,087
Change in Net Position	48,255
Net Position - Beginning of Year	1,463,303
Prior Period Adjustment	45,336
Net Position - Beginning of Year, as Restated	1,508,639
Net Position - End of Year	$ 1,556,894

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	2007 Splost Fund	Total Governmental Funds
ASSETS			
Current Assets:			
Cash	$ 463,136	$ 145,242	$ 608,378
Receivables:			
Property and Other Taxes	99,481	-	99,481
Franchise Fees	90,383	-	90,383
Fines and Forfeitures	32,964	-	32,964
Intergovenmental	8,508	6,551	15,059
Prepaid Items	6,642	-	6,642
Total Assets	$ 701,114	$ 151,793	$ 852,907
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 11,942	$ -	$ 11,942
Accrued Payroll Liabilities	-	-	-
Accrued Expenses	4,019	-	4,019
Total Liabilities	15,961	-	15,961
Deferred Inflows of Resources -			
Unavailable revenue - property taxes	10,593	-	10,593
FUND BALANCES			
Restricted - Capital Projects	-	151,793	151,793
Nonspendable - Prepaid Items	6,642	-	6,642
Committed	15,961	-	15,961
Unassigned	651,957	-	651,957
Total Fund Balances	674,560	151,793	826,353
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 701,114	$ 151,793	$ 852,907

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2012

Total Governmental Fund Balances		$ 826,353
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital Assets (at cost)	$ 1,912,070	
Less: Accumulated Depreciation	(781,208)	1,130,862
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		10,593
Liabilities, including Capital Leases and Notes Payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	$ (24,869)	
Notes Payable	(287,019)	
Capital Leases	(99,026)	(410,914)
Net Position of Governmental Activities		$ 1,556,894

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	2007 Splost Fund	Total Governmental Funds
Revenues			
Taxes	$ 348,062	$ -	$ 348,062
Franchise Fees	287,111	-	287,111
Licenses and Permits	14,244	-	14,244
Interest Earned	1,590	221	1,811
Fines and Forfeitures	71,800	-	71,800
Intergovernmental	80,818	46,354	127,172
Miscellaneous	6,998	-	6,998
Total Revenues	810,623	46,575	857,198
Expenditures			
Current:			
General Government	362,231	-	362,231
Judicial	2,962	-	2,962
Public Safety	247,184	-	247,184
Public Works	92,408	-	92,408
Health and Welfare	4,259	-	4,259
Culture and Recreation	8,527	-	8,527
Debt Service:			
Principal	50,047	-	50,047
Interest	16,499	-	16,499
Total Expenditures	784,117	-	784,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,506	46,575	73,081
Net Change in Fund Balances	26,506	46,575	73,081
Fund Balances - Beginning of Year	602,718	105,218	707,936
Prior Perioid Adjustment	45,336	-	45,336
	648,054	105,218	753,272
Fund Balances - End of Year	$ 674,560	$ 151,793	$ 826,353

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net Changes in Fund Balances - Total Governmental Funds		$ 73,081
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:		
Depreciation Expense	$ (74,438)	
Capital Asset Additions	28,489	(45,949)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of activities.		47,458
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred at 12/31/11	$ (33,711)	
Deferred at 12/31/12	10,593	(23,118)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The change in the current year expense is as follows:		
Compensated Absences		
Liability @ 12/31/11	$ 21,652	
Liability @ 12/31/12	(24,869)	(3,217)
Change in Net Positon - Total Governmental Activities		$ 48,255

See accompanying notes to the basic financial statements.

City of Eton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 271,100	$ 271,100	$ 348,062	$ 76,962
Franchise Fees	300,000	300,000	287,111	(12,889)
Licenses and Permits	14,000	14,000	14,244	244
Interest Earned	1,900	1,900	1,590	(310)
Fines and Forfeitures	75,000	75,000	71,800	(3,200)
Intergovernmental	62,500	62,500	80,818	18,318
Miscellaneous	6,000	6,000	6,998	998
Total Revenues	730,500	730,500	810,623	80,123
Expenditures				
Current:				
General Government	276,754	367,333	362,231	5,102
Judicial	3,500	3,500	2,962	538
Public Safety	186,499	247,866	247,184	682
Public Works	79,578	95,178	92,408	2,770
Health and Welfare	4,000	4,450	4,259	191
Culture and Recreation	8,500	8,527	8,527	-
Housing and Economic Developmen	2,500	2,500	-	2,500
Debt Service:				
Principal	50,047	50,047	50,047	-
Interest	16,499	16,499	16,499	-
Total Expenditures	627,877	795,900	784,117	11,783
Revenues Over (Under) Expenditures	102,623	(65,400)	26,506	91,906
Other Financing Sources (Uses)				
Appropriation of Fund Balance	(102,623)	65,400	-	(65,400)
Total Other Financing Sources	(102,623)	65,400	-	(65,400)
Net Change in Fund Balance	$ -	$ -	$ 26,506	$ 26,506
Fund Balance - Beginning of Year			602,718	
Prior Period Adjustments			45,336	
Beginning of Year, as Restated			648,054	
Fund Balance - End of Year - GAAP Basis			$ 674,560	

See accompanying notes to the basic financial statements.

Note 6. Prior Period Adjustment

During the year ended December 31, 2012, it was determined that receivables for the prior year were understated by $45,336. As a result, net position and fund balances were understated.

Note 7. Capital Assets

	Balance at 12/31/2011	Additions	Disposals	Balance at 12/31/2012
Governemental Activities:				
Capital Assets not Depreciated:				
Land	$ 111,250	$ -	$ -	$ 111,250
Depreciable Capital Assets:				
Buildings and Improvements	720,254	28,489	-	748,743
Equipment and Furniture	1,052,078	-	-	1,052,078
Total Depreciable Capital Assets	1,772,332	28,489	-	1,800,821
Total Capital Assets	1,883,582	28,489	-	1,912,071
Accumulated Depreciation:				
Buildings and Improvements	118,119	18,066	-	136,185
Equipment and Furniture	588,652	56,372	-	645,024
Total Accumulated Depreciation	706,771	74,438	-	781,209
Capital Assets, net	$ 1,176,811	$ (45,949)	$ -	$ 1,130,862

Depreciation expense by function is as follows:

General Government	$ 20,979
Public Safety	40,913
Public Works	12,546
	$ 74,438

Note 8. Long-Term Debt

Capital Leases

The City has entered into capital leases for the purchase of fixed assets. The following is a summary of capital leases at December 31, 2012.

Volvo Financial Services, 2008 Refuge Truck payable in annual installments of $17,851, including interest at 4.79%. Original balance of $104,084, matures September 2015	$ 48,805
Current portion	15,513
Long-term portion	$ 33,292

Future minimum payments under this capital lease debt service requirements to maturity are as follows:

Year Ending	Principal	Interest	Total
2013	$ 15,513	$ 2,338	$ 17,851
2014	16,256	1,595	17,851
2015	17,036	816	17,852
	$ 48,805	$ 4,749	$ 53,554

On December 6, 2011, the City entered into a capital lease to supplement the purchase of a fire truck. The following is a summary of this capital lease:

Community First National Bank, 2011 Fire Truck payable in annual installments of $9,797, including interest at 4.69%. Original balance of $57,329, matures December 2018	$ 50,221
Current portion	7,441
Long-term portion	$ 42,780

Note 8. Long-Term Debt - Continued

Future minimum payments under this capital lease debt service requirements to maturity are as follows:

Year Ending	Principal	Interest	Total
2013	$ 7,441	$ 2,356	$ 9,797
2014	7,790	2,007	9,797
2015	8,156	1,641	9,797
2016	8,538	1,259	9,797
2017	8,938	859	9,797
2018	9,358	439	9,797
	$ 50,221	$ 8,561	$ 58,782

The equipment acquired by the leases is included in governmental activities capital assets in the net amount of $363,567 (capitalized costs of $436,360 net of accumulated depreciation of $72,793).

Notes Payable

On September 6, 2006, the City acquired real estate due to the relocation of City Hall. The original amount of debt was $425,000. This loan is being repaid with semi-annual payments beginning March 2007 of $19,449, which includes interest at 4.3%. As of December 31, 2011, the City owed BB&T $312,565. The loan matures September 2021. Future annual payments under this loan to maturity are as follows:

Year Ending	Principal	Interest	Total
2013	$ 26,672	$ 12,226	$ 38,898
2014	27,847	11,051	38,898
2015	29,075	9,823	38,898
2016	30,356	8,542	38,898
2017	31,694	7,204	38,898
2018-2021	141,375	14,217	155,592
	$ 287,019	$ 63,063	$ 350,082

Note 8. Long-Term Debt – Continued

The following is a summary of the City's changes in long-term debt:

	Balance at 12/31/11	Additions	Reductions	Balance at 12/31/12	Due Within One Year
Governmental Activities:					
Captial Leases Payable	$ 120,938	-	$ 21,912	$ 99,026	$ 22,954
Notes Payable	312,565	-	25,546	287,019	26,672
Accrued Compensated Absences	21,652	27,774	24,557	24,869	-
Total Long-Term Debt	$ 435,836	$ 27,774	$ 72,015	$ 410,914	$ 49,626

Capital leases are liquidated by the capital projects SPLOST fund and the General Fund, and the compensated absences are generally liquidated by the general fund and are therefore included in the above schedule.

Note 9. Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-insurance Workers Compensation Fund, public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. There were no significant reductions in insurance coverage in relation to the prior year. For the years ended 2012, 2011, and 2010, there were no settlements in excess of insurance coverage.

City of Eton, Georgia
Schedule of Projects Constructed with
Special Purpose Sales Tax Proceeds
December 31, 2012

	Resolution / Referendum Authorized Amounts [1]	Original Estimated Cost	Revisions	Revised Estimated Costs	Expenditures			Estimated % of Completion
					Prior Years	Current Year	Total	
Splost 2007								
Public Works Capital Projects	$ 300,000	$ 300,000	$(300,000)	$ -	$ -	$ -	$ -	0%
Expansion of Sewer Services	-	-	100,000	100,000	104,112	-	104,112	104%
Street Improvements	-	-	100,000	100,000	3,735	-	3,735	4%
City Park Improvements	-	-	100,000	100,000	1,709	-	1,709	2%
Totals	$ 300,000	$ -	$ 300,000	$ 300,000	$ 109,556	$ -	$ 109,556	

[1] The Intergovernmental Agreement and Resolution/Referendum do not specify individual project budgets.