GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS
NONPROFIT AND LOCAL GOVERNMENT AUDITS DIVISION
AUDIT REPORT TRANSMITTAL DOCUMENT

Please complete the top portion of this form and submit it with your audit report. We will use this information to furnish your government the results of our review. These results will be furnished by e-mail.

Name of Governmental Unit	City of Eton, Georgia	
Fiscal Year End	12-31-17	
Governmental Contacts	**Name**	**E-Mail Address**
Chief Official (e.g., Mayor, Chairman)	Billy Cantrell	billy.cantrell23@gmail.com
City/County Clerk	Kim Hall	etoncityclerk@windstream.net
City/County Manager		
Finance Director		
Other Officials to be Notified of Audit Results: (list below)		
Name of Audit Firm	R.M. Dobbs & Company	
Auditor Contact for this Report	Judy Fagan	
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Form Completed by: (Name)	Judy Fagan	
(Title)	CPA	

For DOAA Internal Use

Date Rpt Rcvd	Assigned to:	Upload	Mail	E-mail
Type of Report	Date Reviewed			# Grant Cites
# of 1s	# of 2s	# of Xs		# of 3s
Date of CPA/Govt Response				
Date Orig. Notice to Govt		Date Rev Notice to Govt		
Report Accepted? Y N		Grants OK? Y N		
CAP Required? Y N		Date Cap Received		
CAP Letter Dates		CAP Not Received		
CAP Has Problems		CAP Accepted		
Pension Plan(s)	Deferred Comp? Y N	OPEB? Y N N/A		Single Audit? Y N
Total GF Revenues	$	Total GF Expenditures	$	
GF Nonspendable FB	$	GF Restricted FB	$	
GF Committed FB	$	GF Assigned FB	$	
GF Unassigned FB	$	All Govt Funds Total FB	$	
Total GW Expenses	Draft to CPA	Letter to Govt	Logged	

CITY OF ETON, GEORGIA

Financial Report

For the Year Ended December 31, 2017

City of Eton, Georgia
Annual Financial Report
For the Year Ended December 31, 2017

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MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Eton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Eton, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Eton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Eton, Georgia, as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eton, Georgia's basic financial statements. The individual comparative fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose sales tax proceeds, as required by the Georgia code section OCGA 48-8-121, is also not a required part of the basic financial statements..

The individual comparative fund financial statements, budgetary comparison schedules, and schedule of projects constructed with special purpose sales tax proceeds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual comparative fund financial statements, budgetary comparison schedules, and schedule of projects constructed with special purpose sales tax proceeds is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018, on our consideration of the City of Eton, Georgia's 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 solely 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 the effectiveness of the City of Eton, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eton, Georgia's internal control over financial reporting and compliance.

R. M. Dobbs & Company

Calhoun, Georgia
August 21, 2018

City of Eton, Georgia
Statement of Net Position
December 31, 2017

	Primary Government Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 184,918
Receivables:	
Taxes	162,667
Intergovernmental	14,992
Fines and forfeitures	33,777
Prepaid items	7,529
Total Current Assets	403,883
Noncurrent Assets	
Capital assets	
Nondepreciable	111,250
Depreciable, net	1,208,292
Total Noncurrent Assets	1,319,542
Total Assets	1,723,425
Liabilities	
Current Liabilities	
Accounts payable	27,712
Accrued expenses	6,057
Compensated absences payable	21,597
Notes payable	33,091
Capital leases payable	16,329
Total Current Liabilities	104,786
Long-term Liabilities: (net of current portion)	
Compensated absences payable	7,199
Notes payable	108,284
Total Long-term Liabilities	115,483
Total Liabilities	220,269
Net Position	
Net investment in capital assets	1,161,838
Restricted for public works	65,959
Restricted for capital outlay	19,759
Unrestricted	255,600
Total Net Position	$ 1,503,156

See accompanying notes to the basic financial statements

City of Eton, Georgia
Statement of Activities
For the Year Ended December 31, 2017

Function/Program	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 Position: Governmental Activities
Primary Government					
Governmental Activities					
General government	$ 323,848	$ 8,991	$ -	$ -	$ (314,857)
Judicial	7,091	-	-	-	(7,091)
Public safety	304,400	94,568	-	-	(209,832)
Public works	152,420	-	7,000	89,902	(55,518)
Health and welfare	3,528	-	-	-	(3,528)
Culture and recreation	11,999	-	-	-	(11,999)
Housing and development	897	-	-	-	(897)
Interest	9,706	-	-	-	(9,706)
Total Governmental Activities	$ 813,889	$ 103,559	$ 7,000	$ 89,902	(613,428)
		General Revenues			
		Property taxes levied for general government purposes			255,219
		Sales tax			103,385
		Franchise tax			116,142
		Beer & wine tax			60,535
		Distilled spirits tax			19,056
		Insurance premium tax			63,810
		Occupational tax			12,110
		Gain on disposition of capital assets			3,500
		Investment earnings			142
		Miscellaneous			3,968
		Total General Revenues			637,867
		Change in Net Position			24,439
		Net Position, Beginning of Year			1,473,617
		Net Position, End of Year			$ 1,498,056

See accompanying notes to the basic financial statements

City of Eton, Georgia
Balance Sheet
Governmental Funds
December 31, 2017

	General	2007 SPLOST	2013 SPLOST	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 179,946	$ 823	$ 4,149	$ 184,918
Receivables:				
Taxes	162,667	-	-	162,667
Intergovernmental	-	-	14,992	14,992
Fines and forfeitures	33,777	-	-	33,777
Prepaid items	7,529	-	-	7,529
Total Assets	$ 383,919	$ 823	$ 19,141	$ 403,883
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 27,507	$ -	$ 205	$ 27,712
Accrued liabilities payable	6,057	-	-	6,057
Total Liabilities	33,564	-	205	33,769
Deferred Inflows of Resources - Property Taxes	20,110	-	-	20,110
Total Liabilities and Deferred Inflows of Resources	53,674	-	205	53,879
Fund Balances				
Nonspendable	7,529	-	-	7,529
Restricted	65,959	823	18,936	85,718
Unassigned	256,757	-	-	256,757
Total Fund Balances	330,245	823	18,936	350,004
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 383,919	$ 823	$ 19,141	$ 403,883

See accompanying notes to the basic financial statements

City of Eton, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Total Governmental Fund Balances			$ 350,004
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Cost of capital assets	$ 2,416,252		
Less accumulated depreciation	(1,096,710)		1,319,542
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			20,110
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.			
Compensated absences	$ (28,796)		
Notes payable	(141,375)		
Capital lease payable	(16,329)		(186,500)
Net Position of Governmental Activities			$ 1,503,156

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, 2017

	General	2007 SPLOST	2013 SPLOST	Total Governmental Funds
Revenues				
Property taxes	$ 249,920	$ -	$ -	$ 249,920
Selective taxes	375,038	-	-	375,038
Licenses and permits	8,991	-	-	8,991
Intergovernmental	-	-	89,902	89,902
Fines and forfeitures	94,568	-	-	94,568
Contributions	7,000	-	-	7,000
Investment earnings	142	-	-	142
Rents and royalities	5,100	-	-	5,100
Miscellaneous	2,242	1,725	-	3,967
Total Revenues	743,001	1,725	89,902	834,628
Expenditures				
Current:				
General government	305,037	-	230	305,267
Judicial	7,091	-	-	7,091
Public safety	294,017	-	97,329	391,346
Public works	128,127	-	2,105	130,232
Health and welfare	3,528	-	-	3,528
Culture and recreation	6,265	931	1,518	8,714
Housing and development	897	-	-	897
Debt Service:				
Principal	40,632	-	16,347	56,979
Interest	9,195	-	511	9,706
Total Expenditures	794,789	931	118,040	913,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,788)	794	(28,138)	(79,132)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	3,500	-	-	3,500
Transfers in	-	-	16,115	16,115
Transfers (out)	(16,115)	-	-	(16,115)
Total Other Financing Sources (Uses)	(12,615)	-	16,115	3,500
Net Change in Fund Balances	(64,403)	794	(12,023)	(75,632)
Fund Balances Beginning of Year	394,648	29	30,959	425,636
Fund Balances End of Year	$ 330,245	$ 823	$ 18,936	$ 350,004

See accompanying notes to the basic financial statements

City of Eton, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2017

Net Changes In Fund Balances - Total Governmental Funds			$ (75,632)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. 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 capitalized capital outlay exceeded the depreciation expense in the current period.			
Depreciation expense	$ (92,580)		
Capital outlay	136,669		44,089
Property tax revenues in the government-wide statement of activities do not provide current financial resources are not reported as revenues in the governmental fund operating statement.			
Liability @ 12/31/17	$ 20,110		
Liability @ 12/31/16	(14,810)		5,300
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			56,979
Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Liability @ 12/31/17	$ (28,796)		
Liability @ 12/31/16	27,599		(1,197)
Change In Net Position of Governmental Activities			$ 29,539

See accompanying notes to the basic financial statements

City of Eton, Georgia
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 657,400	$ 675,500	$ 624,958	$ (50,542)
Licenses and permits	11,000	9,000	8,991	(9)
Intergovernmental	8,868	-	-	-
Fines and forfeitures	85,000	92,000	94,568	2,568
Contributioins	5,000	5,000	7,000	2,000
Investment earnings	300	100	142	42
Miscellaneous	10,980	16,478	7,342	(9,136)
Total Revenues	778,548	798,078	743,001	(55,077)
Expenditures				
Current:				
General government	664,010	398,442	305,037	93,405
Judicial	9,687	9,685	7,091	2,594
Public safety	255,142	298,261	294,017	4,244
Public works	127,419	135,500	128,127	7,373
Health and welfare	3,000	4,000	3,528	472
Culture and recreation	12,000	12,000	6,265	5,735
Housing and development	500	900	897	3
Debt Service:				
Principal retirement	40,633	40,633	40,632	1
Interest and fiscal charges	8,132	12,732	9,195	3,537
Total Expenditures	1,120,523	912,153	794,789	117,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(341,975)	(114,075)	(51,788)	62,287
Other Financing Sources				
Proceeds from the sale of capital assets	50,000	3,500	3,500	-
Transfers out	-	-	(16,115)	(16,115)
Total Other Financing Sources	50,000	3,500	(12,615)	(16,115)
Net Change in Fund Balances	$ (291,975)	$ (110,575)	(64,403)	$ 46,172
Fund Balances Beginning of Year			394,648	
Fund Balances End of Year			$ 330,245	

See accompanying notes to the basic financial statements

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The City of Eton, Georgia (the City) operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, streets and sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Note 1 - Summary of Significant Accounting Policies

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt. Based upon the application of these criteria no potential component units exist.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements -- The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City. Individual funds are not displayed at this financial reporting level. These statements present governmental activities, which are generally supported by grants, fines, and City general revenues.

The statement of net position presents the financial position of the governmental activities of the City at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a function and therefore are clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which includes fees, fines, and other charges to users of the City's services, (2) operating grants and contributions which finance annual operating activities including restricted investment income, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted.

Note 1 - Summary of Significant Accounting Policies (Continued)

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level.

Fund financial statements are provided for governmental funds.

The three major individual funds, the general fund, and two SPLOST funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses one category of funds: governmental.

> ***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following is the City's major governmental fund:
>
> > ***The General Fund*** – The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of State of Georgia.
> >
> > ***2007 SPLOST Fund*** - The 2007 SPLOST Fund is used to account for 2007 SPLOST designated funds for the expansion of sewer services, street improvements, and improvements to City parks.
> >
> > ***2013 SPLOST Fund*** – The 2013 SPLOST Fund is used to account for 2013 SPLOST designated funds for the acquisition of equipment for street, fire and police departments, expansion of fire department, recreation department enhancements and park restroom expansion, and revitalization projects.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

1-C. Measurement Focus

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the way the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within sixty days) before it can be recognized.

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

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

1-E. Assets, Liabilities, and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and cash on hand. Investments consist of certificates of deposit with a maturity date of greater than three months of the date acquired by the government. There were no investments at December 31, 2017.

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

Georgia law authorizes the City to invest in the following type of obligations:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at December 31, 2017.

1-E-3 Interfund Balances

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

1-E-4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

1-E-5 Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land, right-of-way's, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives
Asset Class	Governmental Activities
Buildings and improvements	20-40 Years
Machinery and equipment	5-10 Years
Vehicles	5-7 Years
Furniture	5-10 Years

1-E-6 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Note 1 - Summary of Significant Accounting Policies (Continued)

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

1-E-7 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-8 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** –Fund balances are reported as committed when they contain self-imposed constraints of the government from its highest level of decision making authority (i.e. the City Council). The City Council commits revenue streams through adopted motions.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. By motion, the City Council has authorized the Mayor or City Clerk or designee to assign fund balances.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds. Currently, the City only reports unassigned fund balance in the general fund.

Net Position Flow Assumptions – In order to report net position as a restricted – net position and an unrestricted – net position in the government-wide financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted – net position first before using unrestricted – net position.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net position - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-9 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for expenditures the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated.

1-E-10 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-11 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance, and Accountability

2-A. Budgetary Information – The City adopts an annual operating budget for the general fund and each special revenue, where applicable. The City also adopts a project length budget for the SPLOST capital projects fund (however the project periods may be the same as an annual basis).

All budgets are adopted on a basis consistent with GAAP, except the SPLOST capital projects funds, which are adopted on a project length basis, and except for certain noncash items including inception of capital leases.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The City Clerk may transfer appropriations between line items within a department. Any change in total to a fund or departmental appropriation within a fund requires approval of the Mayor and City Council, as a budget amendment. The 2017 budget was amended.

All unexpended annual appropriations lapse at year-end.

Note 3 - Detailed Notes on All Funds

3-A. Deposits

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

The City's bank balances of deposits as of December 31, 2017, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

3-B. Receivables

Receivables at December 31, 2017, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. At December 31, 2017, allowances for uncollectibles were reported as follows:

General fund (fines and forfeitures)	$15,155

3-C. Property Taxes

The City Council levied property taxes October 20, 2017. Property taxes attach as an enforceable lien on property as of Janary 1 2017. Property taxes are billed on October 20, 2017 and were payable on December 31, 2017 (January 31, 2018 delinquent date).

(This page is continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2017, was as follows:

	Balance 1/1/2017	Additions	Deductions	Balance 12/31/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 111,250	$ -	$ -	$ 111,250
Construction in progresss	151,625	-	151,625	-
Capital assets not being depreciated	262,875	-	151,625	111,250
Other capital assets:				
Buildings and improvements	803,494	282,342	-	1,085,836
Equipment and vehicles	1,220,497	5,952	7,283	1,219,166
Total other capital assets	2,023,991	288,294	7,283	2,305,002
Total capital assets	2,286,866	288,294	7,283	2,416,252
Accumulated depreciation:				
Buildings and improvements	148,406	19,514	-	167,920
Equipment and vehicles	863,007	73,066	7,283	928,790
Total accumulated depreciation	1,011,413	92,580	7,283	1,096,710
Governmental activities capital assets, net	$ 1,275,453	$ 195,714	$ 151,625	$ 1,319,542

Governmental activities depreciation expense:

General government	$ 18,330
Public safety	47,755
Public works	22,070
Culture and recreation	4,425
Total governmental activities depreciation expense	$ 92,580

3-E. Interfund Transactions

Interfund Transfers – The general fund transferred $16,155 to the 2013 SPLOST to assist with the costs of construction costs.

Note 3 - Detailed Notes on All Funds (Continued)

3-F. Deferred Inflows and Outflows of Resources

Fund Financial Reporting Level - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports one of these items. This item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

3-G. Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts throughout the year, but the vacation benefits are not carried over to the following year. The City's sick leave policy provides for an accumulation of earned sick leave. Sick leave does not vest for retirement or termination purposes. Unused sick leave may be used for long-term illnesses that may occur.

3-H. Short-Term Debt

On March 7, 2017, the City Council adopted an ordinance authorizing the issuance of up to $165,000 of tax anticipation notes (TAN's). The amount borrowed and repaid was $75,000 and interest costs of $1,132. The final principal repayment was made on December 21, 2017. The actual due date was December 31, 2017. The TAN's are secured by the property tax levy for 2017.

The interest rate is determined from the Prime Rate Floating based on prime reported in the Wall Street Journal (currently 3.75%) per annum. Interest on this Note shall adjust on the first day of each calendar month to an amount equal to the Prime Rate Floating. The proceeds from the issuance of these TAN's was used for paying operating costs of the City and costs of construction of a Fire Station and Headquarters.

Changes in the short-term obligations consisted of the following for the year ended December 31, 2017:

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017
Tax anticipation notes	$ -	$ 75,000	$ 75,000	$ -

3-I. Long-Term Debt

The following is a summary of the outstanding long-term debt issues at December 31, 2017:

Governmental Activities Debt – The County reports one outstanding note payable and two capital leases for governmental activities at December 31, 2017.

Capital Leases Payable – The City has two outstanding capital leases at December 31, 2017.

Community First National Bank Capital Lease - On December 6, 2011, the City entered into a capital lease for a fire truck. The financing period is annual payments of $9,797 (which includes interest expense) at a 4.69% interest rate. The original amount of the loan was $57,329. The equipment cost was $332,276, with accumulated depreciation of $166,138 and a book value at December 31, 2017 is $166,138.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of December 31, 2017 follow:

Year	Principal	Interest	Total
2018	$ 9,358	$ 439	$ 9,797

BB&T Government Finance Capital Lease – On May 13, 2013 the City entered into a capital lease for three police Dodge Chargers with an initial cost of $77,757. The financing period is 60 payments $1,405 (with includes interest expense) at a 3.22% interest rate. The equipment cost was $69,666, with accumulated depreciation of $53,217 and a book value at December 31, 2017 is $16,449.

Annual debt service requirements to amortize this debt, as of December 31, 2017 follow:

Year	Principal	Interest	Total
2018	$ 6,971	$ 53	$ 7,024

Notes Payable – The City has one outstanding note payable at December 31, 2017.

Note 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, 2017, the City owed BB&T $141,375. The loan matures September 2021. Future annual payments under this loan to maturity are as follows:

Year	Principal	Interest	Total
2018	$ 33,091	$ 5,807	$ 38,898
2019	34,550	4,348	38,898
2020	36,072	2,826	38,898
2021	37,662	1,236	38,898
Total	$ 141,375	$ 14,217	$ 155,592

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2017:

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017	Amounts Due in One Year
Governmental Activities:					
Notes payable	$ 173,069	$ -	$ 31,694	$ 141,375	$ 33,091
Capital leases:					
Community First National Bank	18,296	-	8,938	9,358	9,358
BB&T Bank	23,318	-	16,347	6,971	6,971
Compensated absences	27,599	21,896	20,699	28,796	21,597
Total Governmental Activities	$ 242,282	$ 21,896	$ 77,678	$ 186,500	$ 71,017

The amortization of the capital assets acquired via capital leases is included in the depreciation expense reported.

Note 3 - Detailed Notes on All Funds (Continued)

The capital leases payable are retired by SPLOST revenues and the notes payable are retired from the general fund.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, normally the general fund.

3-J. Pensions

Defined Contribution Plan

Effective August 1, 2009, the City adopted a 457(b)-deferred compensation plan and a 401(a)-defined contribution plan, administered by the Georgia Municipal Association. The City is assigned the authority to establish and amend benefit provisions of the Plan.

The plans cover all full-time employees (required hours of at least 32) who have been employed for at least six months. The employees are not required to contribute to the Plan. The City matches 100% of employee contributions, up to $25 per weekly payroll period. The City's contributions for each employee are fully vested after five years of employment. Employees who are employed as of August 1, 2009, will be given credit for prior service as an eligible employee.

Contributions to the Plan for the year ended December 31, 2017, totaled $18,790, which consisted of $10,470 contributed by the employee and $8,320 contributed by the City.

Other Plans

The City's public safety employees belong to either one of two pension plans, listed below, established by the Georgia General Assembly for providing retirement benefits for these participants. These plans are cost-sharing multiple employer defined benefit pension plans. Further information regarding these plans can be obtained from the plans' annual reports. The two plans are:

- Peace Officers' Annuity and Benefit Fund of Georgia
- Georgia Firefighters' Pension Fund

3-K. Fund Equity

- ***Nonspendable*** – The following fund balances are nonspendable because they are not in spendable form:

General Fund:	
Prepaid items	$ 7,529

Note 3 - Detailed Notes on All Funds (Continued)

- ***Restricted*** – The following fund balances are legally restricted to specified purposes:

General Funds:	
Cemetery services	$ 65,959
Major Capital Projects SPLOST Funds:	
SPLOST 2007 Capital projects	$ 823
SPLOST 2013 Capital projects	18,936
Total Major Capital Projects SPLOST Funds	$ 19,759

- ***Unassigned*** – The following fund balances include the general fund unassigned amount:

General Fund:	
General Fund	$ 256,757

Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2017 is as follows:

Net investment in capital assets:	Governmental Activities
Cost of capital assets	$ 2,416,252
Less accumulated depreciation	1,096,710
Book value	1,319,542
Less capital related debt	157,704
Net investment in capital assets	$ 1,161,838

Note 4 - Other Notes

4-A. 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.

Note 4 - Other Notes (Continued)

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 2017, 2016, and 2015, there were no settlements in excess of insurance coverage.

Settled claims in the last three years have not exceeded coverage.

4-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at December 31, 2017. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. Membership in NWGRC 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 NWGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a NWGRC. Separately issued financial statements may be obtained from the Northwest Georgia Regional Commission, 503 W. Waugh Street, Dalton, Georgia 30720.

4-D. Subsequent Events

In 2017, the Georgia General Assembly passed House Bill 562 which recreated the *City of Eton Public Facilities Authority* (Authority). In summary, pursuant to House Bill 562, the Authority can issue revenue bonds of the authority and to authorize the collection and pledging of selected revenues to retire this debt. The Authority shall be composed of three members, who shall be residents of the City of Eton appointed by the affirmative vote of a majority of the governing authority of the City of Eton. No member shall be an elected official or employee of the City of Eton. The City will report the Authority as a blended component unit.

On January 19, 2018, the City entered into an Intergovernmental Contract and the Authority to finance the costs of a new fire station for the City. The Authority proposes to obtain a loan for $250,000 from the *First National Community Bank.* The City will repay the Authority for the loan amount.

On January 19, 2018, the Authority entered into an assignment intergovernmental contract with the *First National Community Bank.* In summary, this agreement states that the Authority assigns to the lender its rights of its intergovernmental contract as collateral for the payment of Authority obligations under the loan agreement. More specifically, the Authority directs the City to pay the lender for the amounts due under the Intergovernmental Contract.

City of Eton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 179,946	$ 190,165
Receivables (net, where applicable):		
Property taxes	35,676	74,663
Sales taxes	8,925	8,420
Franchise taxes	51,745	60,681
Other taxes	66,321	63,164
Fines and forfeitures	33,777	30,950
Prepaid items	7,529	7,007
Total Assets	$ 383,919	$ 435,050
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 27,507	$ 23,154
Accrued expenditures	6,057	2,438
Total Liabilities	33,564	25,592
Deferred Inflows of Resources - Property Taxes	20,110	14,810
Total Liabilities and Deferred Inflows of Resources	53,674	40,402
Fund Balances		
Nonspendable	7,529	7,007
Restricted	65,959	64,286
Unassigned	256,757	323,355
Total Fund Balances	330,245	394,648
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 383,919	$ 435,050

City of Eton, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Real and personal property taxes	$ 249,920	$ 226,151
Selective taxes	375,038	431,091
Licenses and permits	8,991	11,840
Intergovernmental	-	1,458
Fines and forfeitures	94,568	63,466
Contributions	7,000	-
Investment earnings	142	328
Rents and royalities	5,100	4,950
Miscellaneous	2,242	5,602
Total Revenues	743,001	744,886
Expenditures		
Current:		
General government	305,037	292,954
Judicial	7,091	8,685
Public safety	294,017	339,658
Public works	128,127	123,426
Health and welfare	3,528	2,350
Culture and recreation	6,265	11,099
Housing and development	897	902
Debt Service:		
Principal retirement	40,632	38,894
Interest and fiscal charges	9,195	10,174
Total Expenditures	794,789	828,142
(Deficiency) of Revenues (Under) Expenditures	(51,788)	(83,256)
Other Financing Sources (Uses)		
Proceeds from the sale of capital assets	3,500	-
Transfers out	(16,115)	(47,013)
Total Other Financing Sources (Uses)	(12,615)	(47,013)
Net Change in Fund Balances	(64,403)	(130,269)
Fund Balances Beginning of Year	394,648	524,917
Fund Balances End of Year	$ 330,245	$ 394,648

City of Eton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Real and personal property taxes				
General property tax - current & delinquent	$ 189,500	$ 280,000	$ 231,466	$ (48,534)
Motor vehicle and mobile home	15,500	16,700	16,767	67
Penalties and interest on taxes	-	-	1,687	1,687
Total real and personal property taxes	205,000	296,700	249,920	(46,780)
Selective taxes:				
Sales tax	100,000	102,000	103,385	1,385
Franchise tax	200,000	125,000	116,142	(8,858)
Beer and wine tax	65,000	60,800	60,535	(265)
Distilled spirits tax	20,000	19,000	19,056	56
Insurance premium tax	56,400	60,000	63,810	3,810
Occupational tax	11,000	12,000	12,110	110
Total selective taxes	452,400	378,800	375,038	(3,762)
Licenses and permits:				
Beer and wine	3,500	4,000	4,000	-
Distilled spirits	7,500	5,000	4,991	(9)
Total licenses and permits:	11,000	9,000	8,991	(9)
Intergovernmental				
State and local	8,868	-	-	-
Fines and forfeitures:	85,000	92,000	94,568	2,568
Contributions	5,000	5,000	7,000	2,000
Investment earnings	300	100	142	42
Miscellaneous:				
Rents and royalities	-	5,000	5,100	100
Miscellaneous	10,980	11,478	2,242	(9,236)
Total miscellaneous	10,980	16,478	7,342	(9,136)
Total revenues	$ 778,548	$ 798,078	$ 743,001	$ (55,077)

City of Eton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government				
Personal services	$ 126,942	$ 137,012	$ 135,794	$ 1,218
Operating	127,350	142,930	169,243	(26,313)
Contingency	409,718	118,500	-	118,500
Total general government	664,010	398,442	305,037	93,405
Judicial				
Personal services	2,287	2,285	2,295	(10)
Operating	7,400	7,400	4,796	2,604
Total judicial	9,687	9,685	7,091	2,594
Public safety:				
Police:				
Personal services	147,296	160,355	159,057	1,298
Operating	16,150	22,810	22,642	168
Total police	163,446	183,165	181,699	1,466
Fire:				
Personal services	82,746	96,802	95,909	893
Operating	8,950	18,294	16,409	1,885
Total fire	91,696	115,096	112,318	2,778
Total public safety	255,142	298,261	294,017	4,244
Public works				
Public works - operations				
Personal services	108,184	115,458	108,462	6,996
Operating	13,660	14,467	14,339	128
Total - public works operations	121,844	129,925	122,801	7,124
Cementery				
Operating	5,575	5,575	5,326	249
Total public works	127,419	135,500	128,127	7,373
Health and welfare	3,000	4,000	3,528	472
Culture and recreation				
Recreation				
Operating	10,000	10,000	4,265	5,735
Libraries:				
Operating	2,000	2,000	2,000	-
Total culture and recreation	12,000	12,000	6,265	5,735
Housing and development:	500	900	897	3
Debt Service:				
Principal retirement	40,633	40,633	40,632	1
Interest and fiscal charges	8,132	12,732	9,195	3,537
Total Debt Service	48,765	53,365	49,827	3,538
Total Expenditures	$ 1,120,523	$ 912,153	$ 794,789	$ 117,364

City of Eton, Georgia
Comparative Balance Sheet
2007 SPLOST Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 823	$ 29
Fund Balances		
Restricted for capital projects	$ 823	$ 29

City of Eton, Georgia
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balances
2007 SPLOST Fund
For the Fiscal Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Investment earnings	$ -	$ 6
Miscellaneous	1,725	-
Total Revenues	1,725	6
Expenditures		
Current		
Culture and recreatioin	931	-
Excess of Revenues Over Expenditures	794	6
Fund Balances Beginning of Year	29	23
Fund Balances End of Year	$ 823	$ 29

City of Eton, Georgia
Comparative Balance Sheet
2013 SPLOST Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 4,149	$ 17,035
Intergovernmental receivable	14,992	13,924
Total Assets	$ 19,141	$ 30,959
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 205	$ -
Fund Balances		
Restricted for capital projects	18,936	30,959
Total Liabilities and Fund Balance	$ 19,141	$ 30,959

City of Eton, Georgia
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balances
2013 SPLOST Fund
For the Fiscal Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Intergovernmental	$ 89,902	$ 85,562
Contributions	-	3,500
Total Revenues	89,902	89,062
Expenditures		
Current		
General government	230	211
Public safety	97,329	2,837
Public works	2,105	-
Culture and recreation	1,518	1,158
Capital Outlay	-	151,625
Debt Service		
Principal	16,347	15,829
Interest	511	1,028
Total Expenditures	118,040	172,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,138)	(83,626)
Other Financing Sources		
Transfers in	16,115	47,013
Net Change in Fund Balances	(12,023)	(36,613)
Fund Balances Beginning of Year	30,959	67,572
Fund Balances End of Year	$ 18,936	$ 30,959

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and the
Members of the City Council
City of Eton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Eton, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Eton, Georgia's basic financial statements, and have issued our report thereon dated August 22, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Eton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Eton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eton, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, 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*.

Purpose of this Report

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

R. M. Dobbs & Company

Calhoun, Georgia
August 22, 2018

City of Eton, Georgia
Schedule of Projects Constructed with
Special Purpose Sales Tax Proceeds
For the Fiscal Year Ended December 31, 2017

	Resolution/ Referendum Authorized Amounts	Original Estimated Costs	Revisions	Revised Estimated Costs	Prior Years	Sales Tax Proceeds Current Years	Total	Estimated % of Completion
2013 SPLOST:								
Capital Projects	$ 540,000	$ 540,000	(540,000.00)	$ -	$ -	$ -	$ -	
Fire station expansion and equipment	-	-	127,700	127,700	174,151	97,329	271,480	212.6%
Revitalization project	-	-	120,798	120,798	89,080	1,748	90,828	75.2%
Recreation department enhancements and park restroom expansion	-	-	117,724	117,724	10,261	-	10,261	8.7%
Police department equipment	-	-	92,359	92,359	136,726	16,858	153,584	166.3%
Street eqiupment equipment	-	-	81,419	81,419	2,835	2,105	4,940	6.1%
Total	$ 540,000	$ 540,000	$ -	$ 540,000	$ 413,053	$ 118,040	$ 531,093	98.4%
2007 SPLOST:								
Public works capital projects:	$ 300,000	$ 300,000	$ (300,000)	$ -	$ -	$ -	$ -	
Expansioin of sewer services	-	-	100,000	100,000	121,962	-	121,962	122.0%
Street improvements	-	-	100,000	100,000	94,886	-	94,886	94.9%
City park improvements	-	-	100,000	100,000	49,426	931	50,357	50.4%
Total	$ 300,000	$ 300,000	$ -	$ 300,000	$ 266,274	$ 931	$ 267,205	89.1%

City of Eton, Georgia
Notes to Schedule of Projects Constructed
With Special Purpose Sales Tax Proceeds
For the Project Period Ended December 31, 2017

The accompanying project cost schedules include information required by state statute. This information is presented on the modiified accrual basis of accounting, consistent with generally accepted principles for governmental fund financial statements.