CITY OF ETON, GEORGIA

Financial Report

For the Year Ended December 31, 2018

City of Eton, Georgia
Annual Financial Report
For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and the
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, 2018, 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, 2018, 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 the schedule of projects constructed with special purpose sales tax proceeds are the responsibility of management and were 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 the schedule of projects constructed with special purpose sales tax proceeds are 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 13, 2019, 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 13, 2019

City of Eton, Georgia
Statement of Net Position
December 31, 2018

	Primary Government
	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 412,445
Receivables:	
Taxes	164,465
Intergovernmental	13,948
Fines and forfeitures	30,905
Prepaid items	7,102
Total Current Assets	628,865
Noncurrent Assets	
Capital assets	
Nondepreciable	111,250
Depreciable, net	1,222,273
Total Noncurrent Assets	1,333,523
Total Assets	1,962,388
Liabilities	
Current Liabilities	
Accounts payable	25,297
Accrued expenses	5,995
Compensated absences payable	24,009
Notes payable	46,860
Capital leases payable	11,882
Total Current Liabilities	114,043
Long-term Liabilities: (net of current portion)	
Compensated absences payable	5,843
Notes payable	300,635
Capital leases payable	49,628
Total Long-term Liabilities	356,106
Total Liabilities	470,149
Net Position	
Net investment in capital assets	924,518
Restricted for public works	61,826
Restricted for capital outlay	56,373
Unrestricted	449,522
Total Net Position	$ 1,492,239

See accompanying notes to the basic financial statements

City of Eton, Georgia
Statement of Activities
For the Year Ended December 31, 2018

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	$ 341,679	$ 25,162	$ -	$ -	$ (316,517)
Judicial	11,208	-	-	-	(11,208)
Public safety	374,468	96,764	-	133,216	(144,488)
Public works	155,901	-	-	13,210	(142,691)
Health and welfare	2,776	-	-	-	(2,776)
Culture and recreation	31,620	3,099	-	-	(28,521)
Housing and development	921	-	-	-	(921)
Interest	27,009	-	-	-	(27,009)
Total Governmental Activities	$ 945,582	$ 125,025	$ -	$ 146,426	(674,131)
General Revenues					
Property taxes levied for general government purposes					294,220
Sales tax					99,409
Franchise tax					106,621
Beer & wine tax					59,413
Distilled spirits tax					17,076
Insurance premium tax					70,015
Occupational tax					7,660
Gain on disposition of capital assets					7,304
Investment earnings					275
Miscellaneous					1,221
Total General Revenues					663,214
Change in Net Position					(10,917)
Net Position, Beginning of Year					1,503,156
Net Position, End of Year					$ 1,492,239

See accompanying notes to the basic financial statements

City of Eton, Georgia
Balance Sheet
Governmental Funds
December 31, 2018

	General	2007 SPLOST	2013 SPLOST	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 359,291	$ 347	$ 52,807	$ 412,445
Receivables:				
Taxes	164,465	-	-	164,465
Intergovernmental	-	-	13,948	13,948
Fines and forfeitures	30,905	-	-	30,905
Prepaid items	7,102	-	-	7,102
Total Assets	$ 561,763	$ 347	$ 66,755	$ 628,865
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 14,568	$ -	$ 10,729	$ 25,297
Accrued liabilities payable	5,995	-	-	5,995
Total Liabilities	20,563	-	10,729	31,292
Deferred Inflows of Resources				
Unavailable Revenues - Property Taxes	26,703	-	-	26,703
Total Liabilities and Deferred Inflows of Resources	47,266	-	10,729	57,995
Fund Balances				
Nonspendable	7,102	-	-	7,102
Restricted	61,826	347	56,026	118,199
Unassigned	445,569	-	-	445,569
Total Fund Balances	514,497	347	56,026	570,870
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 561,763	$ 347	$ 66,755	$ 628,865

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, 2018

Total Governmental Fund Balances			$ 570,870
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	$ 2,493,427		
Less accumulated depreciation	(1,159,904)		1,333,523
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			26,703
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	$ (29,852)		
Notes payable	(347,495)		
Capital lease payable	(61,510)		(438,857)
Net Position of Governmental Activities			$ 1,492,239

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, 2018

	General	2007 SPLOST	2013 SPLOST	Total Governmental Funds
Revenues				
Property taxes	$ 287,626	$ -	$ -	$ 287,626
Selective taxes	260,785	-	-	260,785
Licenses and permits	25,162	-	-	25,162
Intergoverrnmental	159,341	-	86,494	245,835
Fines and forfeitures	96,764	-	-	96,764
Investment earnings	273	2	-	275
Miscellaneous	4,320	-	-	4,320
Total Revenues	834,271	2	86,494	920,767
Expenditures				
Current:				
General government	328,285	-	234	328,519
Judicial	11,208	-	-	11,208
Public safety	386,239	-	15,022	401,261
Public works	135,196	-	24,441	159,637
Health and welfare	2,776	-	-	2,776
Culture and recreation	13,608	478	13,089	27,175
Housing and development	921	-	-	921
Debt Service:				
Principal	53,238	-	9,859	63,097
Interest	26,238	-	771	27,009
Total Expenditures	957,709	478	63,416	1,021,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,438)	(476)	23,078	(100,836)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	5,792	-	1,512	7,304
Proceeds from the issuance of long-term debt	314,398	-	-	314,398
Transfers in	-	-	12,500	12,500
Transfers (out)	(12,500)	-	-	(12,500)
Total Other Financing Sources (Uses)	307,690	-	14,012	321,702
Net Change in Fund Balances	184,252	(476)	37,090	220,866
Fund Balances Beginning of Year	330,245	823	18,936	350,004
Fund Balances End of Year	$ 514,497	$ 347	$ 56,026	$ 570,870

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, 2018

Net Changes In Fund Balances - Total Governmental Funds			$ 220,866
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	$ (103,570)	
	Capital outlay	117,551	13,981
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 @ 12/31/18	$ 26,703	
	Liability @ 12/31/17	(20,110)	6,593
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.			(314,398)
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.			63,097
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 @ 12/31/18	$ (29,852)	
	Liability @ 12/31/17	28,796	(1,056)
Change In Net Position of Governmental Activities			$ (10,917)

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 565,050	$ 551,892	$ 548,411	$ (3,481)
Licenses and permits	11,000	25,150	25,162	12
Intergovernmental	118,210	113,210	159,341	46,131
Fines and forfeitures	95,000	98,000	96,764	(1,236)
Investment earnings	300	-	273	273
Miscellaneous	1,478	6,989	4,320	(2,669)
Total Revenues	791,038	795,241	834,271	39,030
Expenditures				
Current:				
General government	660,606	454,354	328,285	126,069
Judicial	7,396	11,722	11,208	514
Public safety	285,924	312,695	386,239	(73,544)
Public works	192,989	204,897	135,196	69,701
Health and welfare	4,000	4,550	2,776	1,774
Culture and recreation	14,019	14,694	13,608	1,086
Housing and development	900	925	921	4
Debt Service:				
Principal retirement	216,451	203,241	53,238	150,003
Interest and fiscal charges	6,749	26,159	26,238	(79)
Total Expenditures	1,389,034	1,233,237	957,709	275,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(597,996)	(437,996)	(123,438)	314,558
Other Financing Sources (Uses)				
Proceeds from the issuance of long-term debt	400,000	250,000	314,398	64,398
Proceeds from the sale of capital assets	40,000	-	5,792	5,792
Transfers out	-	-	(12,500)	(12,500)
Total Other Financing Sources	440,000	250,000	307,690	57,690
Net Change in Fund Balances	$ (157,996)	$ (187,996)	184,252	$ 372,248
Fund Balances Beginning of Year			330,245	
Fund Balances End of Year			$ 514,497	

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.

City of Eton Public Facilities Authority (Authority) – The Authority is considered a related party to the City, but not part of the City's reporting entity. Legally separate from the City, the Authority was created in 2017 to provide buildings, facilities, equipment, and services for the citizens of the City of Eton. The Authority shall be composed of three members, who shall be residents of the City of Eton appointed by the affirmative vote of the majority of the governing authority of the City of Eton. No member shall be an elected official or employee of the City of Eton.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, which include 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, 2018.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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, 2018.

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, 2018, 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:

Note 1 - Summary of Significant Accounting Policies (Continued)

Asset Class	Estimated Lives 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

Sick leave 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. Vacation benefits expire at the end of each year.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

- ***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.

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 2018 budget was amended.

All unexpended annual appropriations lapse at year-end.

The General Fund public safety expenditures exceeded budget in the amount of $73,544. The General Fund has sufficient fund balance to cover expenditures.

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, 2018, are entirely insured or collateralized with securities held by the City's agent in the City's name in accordance with state statutes which 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, 2018, 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, 2018, allowances for uncollectibles were reported as follows:

General fund (property taxes)	$2,050
General fund (fines and forfeitures)	$9,159

3-C. Property Taxes

The City Council levied property taxes October 20, 2018. Property taxes attach as an enforceable lien on property as of Janary 1, 2019. Property taxes are billed on October 20, 2018 and were payable on December 31, 2018 (January 31, 2019 delinquent date).

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 111,250	$ -	$ -	$ 111,250
Other capital assets:				
Buildings and improvements	1,085,836	-	-	1,085,836
Equipment and vehicles	1,219,166	117,551	40,376	1,296,341
Total other capital assets	2,305,002	117,551	40,376	2,382,177
Total capital assets	2,416,252	117,551	40,376	2,493,427
Accumulated depreciation:				
Buildings and improvements	167,920	28,658	-	196,578
Equipment and vehicles	928,790	74,912	40,376	963,326
Total accumulated depreciation	1,096,710	103,570	40,376	1,159,904
Governmental activities capital assets, net	$ 1,319,542	$ 13,981	$ -	$ 1,333,523

Governmental activities depreciation expense:

General government	$ 16,916
Public safety	60,767
Public works	21,442
Culture and recreation	4,445
Total governmental activities depreciation expense	$ 103,570

3-E. Interfund Transactions

Interfund Transfers – The general fund transferred $12,500 to the 2013 SPLOST to assist with the costs of street department equipment.

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 April 3, 2018, the City Council adopted an ordinance authorizing the issuance of up to $150,000 of tax anticipation notes (TAN's). The maturity date was December 31, 2018. The interest rate was 4.75%. The TAN's are secured by the property tax levy for 2018. No funds were borrowed during the year, although the City incurred and paid $625 in loan fees.

3-I. Long-Term Debt

The following is a summary of the outstanding long-term debt issues at December 31, 2018:

Governmental Activities Debt – The County reports two outstanding notes payable and one outstanding capital lease for governmental activities at December 31, 2018.

Capital Leases Payable – The City has one outstanding capital lease at December 31, 2018.

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 $193,828 and a book value at December 31, 2018 of $138,448. There was no outstanding balance at December 31, 2018.

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 $64,828 and a book value at December 31, 2018 of $4,838. There was no outstanding balance at December 31, 2018.

Note 3 - Detailed Notes on All Funds (Continued)

Georgia Municipal Association (Magnolia Bank)Capital Lease – In September, 2018, the City entered into a capital lease for two Dodge Charger police vehicles and equipment. The financing period is 60 monthly payments of $1,201 (which includes interest) at 4.5% interest rate. The original amount of the loan was $64,398. The incurred cost though December 31, 2018, of the vehicles and the equipment was $57,260, with accumulated depreciation of $1,941 and a book value at December 31, 2018 of $55,319. Future annual payments under this loan to maturity are as follows:

Year	Principal	Interest	Total
2019	$ 11,882	$ 2,525	$ 14,407
2020	12,428	1,979	14,407
2021	12,999	1,408	14,407
2022	13,596	811	14,407
2023	10,605	200	10,805
Total	$ 61,510	$ 6,923	$ 68,433

Notes Payable – The City has two outstanding notes payable at December 31, 2018.

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%. The interest rate was changed in May, 2018 to 4.36%. The loan matures September 2021. Future annual payments under this loan to maturity are as follows:

Year	Principal	Interest	Total
2019	$ 34,550	$ 4,348	$ 38,898
2020	36,072	2,826	38,898
2021	37,662	1,236	38,898
Total	$ 108,284	$ 8,410	$ 116,694

Note Payable - On January 19, 2018, the City entered into an Intergovernmental Contract with the *City of Eton Public Facilities Authority* (Authority) to finance the costs of a new fire station for the City. The Authority proposed to obtain a loan for $250,000 from the First National Community Bank. The Authority entered into an assignment intergovernmental agreement with 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.

The original amount of debt was $250,000. This loan is being repaid with monthly payments beginning February 2018 of $1,934, which includes interest at a rate 4.6%. As of December 31, 2018, the City owed First National Community Bank $239,211. The loan matures January 2033.

Note 3 - Detailed Notes on All Funds (Continued)

Future annual payments under this loan to maturity are as follows:

Year	Principal	Interest	Total
2019	$ 12,310	$ 10,894	$ 23,204
2020	12,867	10,337	23,204
2021	13,510	9,694	23,204
2022	14,154	9,050	23,204
2023	14,828	8,376	23,204
2024-2028	85,396	30,625	116,021
2029-2033	86,146	8,607	94,753
Total	$ 239,211	$ 87,583	$ 326,794

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2018:

	Outstanding 1/1/2018	Additions	Reductions	Outstanding 12/31/2018	Amounts Due in One Year
Governmental Activities:					
Notes payable					
BB&T Bank	$ 141,375	$ -	$ 33,091	$ 108,284	$ 34,550
First National Community Bank	-	250,000	10,789	239,211	12,310
Capital leases:					
Community First National Bank	9,358	-	9,358	-	-
BB&T Bank	6,971	-	6,971	-	-
GEMA (Magnolia Bank)	-	64,398	2,888	61,510	11,882
Compensated absences	28,796	33,068	32,012	29,852	24,009
Total Governmental Activities	$ 186,500	$ 347,466	$ 95,109	$ 438,857	$ 82,751

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

The capital leases payable for the police vehicles are retired by SPLOST revenues, and the capital lease for the fire truck and the notes payable for the City Hall building and Fire Station 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.

Note 3 - Detailed Notes on All Funds (Continued)

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, 2018, totaled $19,130, which consisted of $11,125 contributed by the employee and $8,005 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	$ 7,102

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

General Funds:	
Cemetery services	$ 61,826
Major Capital Projects SPLOST Funds:	
SPLOST 2007 Capital projects	$ 347
SPLOST 2013 Capital projects	56,026
Total Major Capital Projects SPLOST Funds	$ 56,373

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

General Fund:	
General Fund	$ 445,569

Note 3 - Detailed Notes on All Funds (Continued)

Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2018 is as follows:

Net investment in capital assets:	Governmental Activities
Cost of capital assets	$ 2,493,427
Less accumulated depreciation	1,159,904
Book value	1,333,523
Less capital related debt	409,005
Net investment in capital assets	$ 924,518

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.

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 2018, 2017, and 2016, 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, 2018. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

Note 4 - Other Notes (Continued)

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

On March 5, 2019, the City adopted a resolution to purchase equipment costing $9,323 via a 36-month finance agreement.

On April 2, 2019, the City approved for a new bank account to be opened for the purpose of collecting new Special Purpose Local Option Sales Tax (SPLOST) funds that were approved for January 1, 2019 and continue for a period not to exceed six years.

On June 4, 2019, the City adopted a resolution authorizing the financing of a vehicle in the amount of $29,985.

City of Eton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 359,291	$ 179,946
Receivables (net, where applicable):		
Property taxes	40,861	35,676
Intergovernmental - sales taxes	8,246	8,925
Franchise taxes	44,059	51,745
Other taxes	71,299	66,321
Fines and forfeitures	30,905	33,777
Prepaid items	7,102	7,529
Total Assets	$ 561,763	$ 383,919
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 14,568	$ 27,507
Accrued expenditures	5,995	6,057
Total Liabilities	20,563	33,564
Deferred Inflows of Resources		
Unavailable property tax revenues	26,703	20,110
Total Liabilities and Deferred Inflows of Resources	47,266	53,674
Fund Balances		
Nonspendable	7,102	7,529
Restricted	61,826	65,959
Unassigned	445,569	256,757
Total Fund Balances	514,497	330,245
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 561,763	$ 383,919

City of Eton, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Real and personal property taxes	$ 287,626	$ 249,920
Selective taxes	260,785	271,653
Licenses and permits	25,162	8,991
Intergovernmental	159,341	103,385
Fines and forfeitures	96,764	94,568
Contributions	-	7,000
Investment earnings	273	142
Rents and royalities	-	5,100
Miscellaneous	4,320	2,242
Total Revenues	834,271	743,001
Expenditures		
Current:		
General government	328,285	305,037
Judicial	11,208	7,091
Public safety	386,239	294,017
Public works	135,196	128,127
Health and welfare	2,776	3,528
Culture and recreation	13,608	6,265
Housing and development	921	897
Debt Service:		
Principal retirement	53,238	40,632
Interest and fiscal charges	26,238	9,195
Total Expenditures	957,709	794,789
(Deficiency) of Revenues (Under) Expenditures	(123,438)	(51,788)
Other Financing Sources (Uses)		
Proceeds from the sale of capital assets	5,792	3,500
Proceeds from the issuance of long-term debt	314,398	-
Transfers out	(12,500)	(16,115)
Total Other Financing Sources (Uses)	307,690	(12,615)
Net Change in Fund Balances	184,252	(64,403)
Fund Balances Beginning of Year	330,245	394,648
Fund Balances End of Year	$ 514,497	$ 330,245

City of Eton, Georgia

Schedule of Revenues - Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Real and personal property taxes				
General property tax - current & delinquent	$ 251,000	$ 265,600	$ 264,224	$ (1,376)
Motor vehicle and mobile home	17,750	23,000	23,110	110
Penalties and interest on taxes	-	292	292	-
Total real and personal property taxes	268,750	288,892	287,626	(1,266)
Selective taxes:				
Franchise tax	138,000	114,000	106,621	(7,379)
Beer and wine tax	65,000	59,500	59,413	(87)
Distilled spirits tax	20,000	16,900	17,076	176
Insurance premium tax	60,000	65,000	70,015	5,015
Occupational tax	13,300	7,600	7,660	60
Total selective taxes	296,300	263,000	260,785	(2,215)
Licenses and permits:				
Beer and wine	3,500	7,750	7,757	7
Distilled spirits	7,500	17,400	17,405	5
Total licenses and permits:	11,000	25,150	25,162	12
Intergovernmental				
State and local - sales tax	105,000	100,000	99,409	(591)
State and local - grants	13,210	13,210	59,932	46,722
	118,210	113,210	159,341	46,131
Fines and forfeitures:	95,000	98,000	96,764	(1,236)
Investment earnings	300	-	273	273
Miscellaneous	1,478	6,989	4,320	(2,669)
Total revenues	$ 791,038	$ 795,241	$ 834,271	$ 39,030

City of Eton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government				
Personal services	$ 222,876	$ 145,050	$ 145,788	$ (738)
Operating	163,950	216,785	182,497	34,288
Contingency	273,780	92,519	-	92,519
Total general government	660,606	454,354	328,285	126,069
Judicial				
Personal services	2,196	2,297	2,417	(120)
Operating	5,200	9,425	8,791	634
Total judicial	7,396	11,722	11,208	514
Public safety:				
Police:				
Personal services	161,318	173,777	163,633	10,144
Operating	18,900	21,260	64,674	(43,414)
Total police	180,218	195,037	228,307	(33,270)
Fire:				
Personal services	99,656	110,298	103,673	6,625
Operating	6,050	7,360	54,259	(46,899)
Total fire	105,706	117,658	157,932	(40,274)
Total public safety	285,924	312,695	386,239	(73,544)
Public works				
Public works - operations				
Personal services	111,912	120,305	112,219	8,086
Operating	15,100	18,615	18,844	(229)
Total - public works operations	127,012	138,920	131,063	7,857
Cemetery				
Operating	65,977	65,977	4,133	61,844
Total public works	192,989	204,897	135,196	69,701
Health and welfare	4,000	4,550	2,776	1,774
Culture and recreation				
Recreation				
Operating	12,019	12,694	11,608	1,086
Libraries:				
Operating	2,000	2,000	2,000	-
Total culture and recreation	14,019	14,694	13,608	1,086
Housing and development:	900	925	921	4
Debt Service:				
Principal retirement	216,451	203,241	53,238	150,003
Interest and fiscal charges	6,749	26,159	26,238	(79)
Total Debt Service	223,200	229,400	79,476	149,924
Total Expenditures	$ 1,389,034	$ 1,233,237	$ 957,709	$ 275,528

City of Eton, Georgia
Comparative Balance Sheet
2007 SPLOST Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 347	$ 823
Fund Balances		
Restricted for capital projects	$ 347	$ 823

City of Eton, Georgia
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balances
2007 SPLOST Fund
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Investment earnings	$ 2	$ -
Miscellaneous		1,725
Total Revenues	2	1,725
Expenditures		
Current		
Culture and recreation	478	931
Excess of Revenues Over Expenditures	(476)	794
Fund Balances Beginning of Year	823	29
Fund Balances End of Year	$ 347	$ 823

City of Eton, Georgia
Comparative Balance Sheet
2013 SPLOST Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 52,807	$ 4,149
Intergovernmental receivable	13,948	14,992
Total Assets	$ 66,755	$ 19,141
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 10,729	$ 205
Fund Balances		
Restricted for capital projects	56,026	18,936
Total Liabilities and Fund Balance	$ 66,755	$ 19,141

City of Eton, Georgia
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balances
2013 SPLOST Fund
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	$ 86,494	$ 89,902
Total Revenues	86,494	89,902
Expenditures		
Current		
General government	234	230
Public safety	15,022	97,329
Public works	24,441	2,105
Culture and recreation	13,089	1,518
Debt Service		
Principal	9,859	16,347
Interest	771	511
Total Expenditures	63,416	118,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,078	(28,138)
Other Financing Sources		
Proceeds from Sale of Assets	1,512	-
Transfers in	12,500	16,115
Total Other Financing Sources	14,012	16,115
Net Change in Fund Balances	37,090	(12,023)
Fund Balances Beginning of Year	18,936	30,959
Fund Balances End of Year	$ 56,026	$ 18,936

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CERTIFIED PUBLIC ACCOUNTANTS

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 Mayor and 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, 2018, 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 13, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as an item that we consider to be a material weakness:

- 2018-1

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 13, 2019

CITY OF ETON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

FINDINGS – FINANCIAL STATEMENTS AUDIT

Material Weakness

2018-1 FINANCIAL REPORTING

Condition: The auditor suggested material adjustment to the financial statements with regard to an intergovernmental grant that was used for the purchase of fire department equipment. The awarded grant was a non-cash item and therefore the amounts were not captured in the financial records.

Criteria: Weakness in internal control

Effect: Fund level financial statement revenues and expenditures would have been understated, although the net effect on the fund level financial statements. However, for the government-wide financial statements, the program revenues would have been understated in the statement of activities and the capital assets would have been understated in the statement of net position.

Recommendation: City personnel need to review its policy with all employees to make sure any non-cash items received have properly been reported to the City clerk for proper recording in the accounting system.

Response: The City agrees and plans to review its policy with employees.

City of Eton, Georgia
Schedule of Projects Constructed with
Special Purpose Sales Tax Proceeds
For the Year Ended December 31, 2018

	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	271,480	-	271,480	212.6%
Revitalization project	-	-	120,798	120,798	90,828	-	90,828	75.2%
Recreation department enhancements and park restroom expansion	-	-	117,724	117,724	10,261	13,323	23,584	20.0%
Police department equipment	-	-	92,359	92,359	153,584	25,652	179,236	194.1%
Street eqiupment equipment	-	-	81,419	81,419	4,940	24,441	29,381	36.1%
Total	$ 540,000	$ 540,000	$ -	$ 540,000	$ 531,093	$ 63,416	$ 594,509	110.1%
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	50,357	478	50,835	50.8%
Total	$ 300,000	$ 300,000	$ -	$ 300,000	$ 267,205	$ 478	$ 267,683	89.2%

City of Eton, Georgia
Notes to Schedule of Projects Constructed
With Special Purpose Sales Tax Proceeds
For the Year Ended December 31, 2018

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.