CITY OF HELEN, GEORGIA

FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2016

WALKER, PIERCE & TUCK, CPA'S, PC

CITY OF HELEN, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report 1-2

Basic Financial Statements
- Government-Wide Financial Statements
  - Statement of Net Position 3
  - Statement of Activities 4
- Fund Financial Statements
  - Governmental Fund Financial Statements
    - Balance Sheet 5
    - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 6
    - Statement of Revenues, Expenditures, and Changes in Fund Balances 7
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities 8
  - Proprietary Fund Financial Statements
    - Statement of Net Position 9
    - Statement of Revenues, Expenses, and Changes in Net Position 10
    - Statement of Cash Flows 11
- Notes to Financial Statements 12-24

Required Supplementary Information (other than MD&A)
- Budgetary Comparison Schedules
  - General Fund 25
  - Hotel/Motel Fund 26
  - Notes to Required Supplementary Information on Budgetary Accounting and Control 27

Combining and Individual Fund Statements
- Combining Balance Sheet - Nonmajor Governmental Funds 28
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds. 29

COMPLIANCE SECTION

- 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 30-31
- Schedule of Findings and Responses 32
- Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary 33

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Helen, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Helen, Georgia, as of and for the year ended June 30, 2016 , and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Helen, Georgia, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof 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. However, accounting principles generally accepted in the United States of America require that the budgetary comparison information

on pages 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Helen, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax, as required by O.C.G.A. 48-8-121 as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax 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 combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax 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 December 06, 2016, on our consideration of the City of Helen, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Helen, Georgia's internal control over financial reporting and compliance.

Walker, Pierce & Tuck, CPA's, P.C.

Walker, Pierce and Tuck, CPA's, P.C.
Gainesville, Georgia
December 06, 2016

CITY OF HELEN, GEORGIA
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 2,689,480	$ 1,171,744	$ 3,861,224
Restricted cash	6,526	91,025	97,551
Receivables (net)	215,943	60,396	276,339
Intergovernmental receivable	160,612	-	160,612
Prepaid expenditures	83,373	18,907	102,280
Accrued revenue	-	7,886	7,886
Interfund balances	97,830	(97,830)	-
Total Current Assets	3,253,764	1,252,128	4,505,892
Noncurrent Assets			
Capital assets			
Nondepreciable	1,877,495	1,193,823	3,071,318
Depreciable, net	4,233,262	5,012,923	9,246,185
Total Noncurrent Assets	6,110,757	6,206,746	12,317,503
Total Assets	9,364,521	7,458,874	16,823,395
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	9,364,521	7,458,874	16,823,395
Liabilities			
Current Liabilities			
Accounts payable	90,159	12,891	103,050
Accrued expenses	29,033	7,296	36,329
Lease payable	71,552	-	71,552
Intergovernmental loan	-	371,240	371,240
Amounts held in trust	12,463	91,025	103,488
Advances from other funds	576,559	(576,559)	-
Total Current Liabilities	779,766	(94,107)	685,659
Long-term Liabilities			
Lease payable	199,689	-	199,689
Intergovernmental loan	-	734,663	734,663
Compensated absences	124,415	28,659	153,074
Total Long-term Liabilities	324,104	763,322	1,087,426
Total Liabilities	1,103,870	669,215	1,773,085
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,103,870	669,215	1,773,085
Net Position			
Net Investment in Capital Assets	5,839,516	6,206,746	12,046,262
Restricted for:			
Capital projects	181,645	-	181,645
Public safety	15,594	-	15,594
Tourism	61,479	-	61,479
Unrestricted	2,162,417	582,913	2,745,330
Total Net Position	$ 8,260,651	$ 6,789,659	$ 15,050,310

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Statement of Activities

For the Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
General government	$ 724,020	$ 381,574	$ 3,857	$ 501,489	$ 162,900	$ -	$ 162,900
Public safety	1,024,879	7,401	-	-	(1,017,478)	-	(1,017,478)
Public works	810,298	43,530	-	16,382	(750,386)	-	(750,386)
Recreation and culture	618,787	-	-	-	(618,787)	-	(618,787)
Interest on Debt	13,497	-	-	-	(13,497)	-	(13,497)
Total Governmental Activities	3,191,481	432,505	3,857	517,871	(2,237,248)	-	(2,237,248)
Business-type activities:							
Water and sewer	914,964	762,593	-	74,272	-	(78,099)	(78,099)
Total Business-type Activities	914,964	762,593	-	74,272	-	(78,099)	(78,099)
Total Primary Government	$ 4,106,445	$ 1,195,098	$ 3,857	$ 592,143	(2,237,248)	(78,099)	(2,315,347)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					502,207	-	502,207
Franchise fees					135,156	-	135,156
Excise taxes					210,939	-	210,939
Business tax					135,131	-	135,131
Sales tax					752,596	-	752,596
Hotel/Motel tax					1,019,360	-	1,019,360
Interest and investment earnings					2,343	1,547	3,890
Miscellaneous					60,795	3,237	64,032
Gain on disposition of assets					(483)	-	(483)
Transfers					(590,624)	590,624	-
Total General Revenues and Transfers					2,227,420	595,408	2,822,828
Change in Net Position					(9,828)	517,309	507,481
Net Position Beginning of Year					8,270,479	6,272,350	14,542,829
Ending Net Position					$ 8,260,651	$ 6,789,659	$ 15,050,310

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Balance Sheet

Governmental Funds

June 30, 2016

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 1,866,089	$ -	$ 103,191	$ 704,313	$ 15,887	$ 2,689,480
Restricted cash	6,526	-	-	-	-	6,526
Intergovernmental receivable	75,181	-	85,431	-	-	160,612
Receivables (net)	104,411	111,532	-	-	-	215,943
Prepaid expenditures	83,373	-	-	-	-	83,373
Due from other funds	97,830	-	-	-	-	97,830
Total Assets	2,233,410	111,532	188,622	704,313	15,887	3,253,764
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 2,233,410	$ 111,532	$ 188,622	$ 704,313	$ 15,887	$ 3,253,764
Liabilities						
Accounts payable	$ 31,149	$ 50,053	$ 7,230	$ 1,727	$ -	$ 90,159
Accrued expenses	24,701	-	-	-	-	24,701
Advances from other funds	-	-	-	576,559	-	576,559
Amounts held in trust	12,463	-	-	-	-	12,463
Total Liabilities	68,313	50,053	7,230	578,286	-	703,882
Deferred Inflows of Resources	61,084	-	-	-	-	61,084
Total Liabilities and Deferred Inflows of Resources	129,397	50,053	7,230	578,286	-	764,966
Fund Balances						
Nonspendable:						
Prepaid expenditures	83,373	-	-	-	-	83,373
Restricted for:						
Capital projects	-	-	181,392	-	253	181,645
Law enforcement	-	-	-	-	15,594	15,594
Tourism	-	61,479	-	-	-	61,479
Committed for:						
Capital projects	-	-	-	126,027	-	126,027
Tree fund memorial	-	-	-	-	40	40
Unassigned	2,020,640	-	-	-	-	2,020,640
Total Fund Balances	2,104,013	61,479	181,392	126,027	15,887	2,488,798
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,233,410	$ 111,532	$ 188,622	$ 704,313	$ 15,887	$ 3,253,764

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total Governmental Fund Balances		$ 2,488,798
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 13,053,805	
Less: Accumulated depreciation	(6,943,048)	
Total capital assets		6,110,757
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued personal leave not reported in governmental funds		(124,415)
Accrued interest payable not reported in the governmental funds		(4,332)
Capital leases		(271,241)
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		61,084
Net Position of Governmental Activities		$ 8,260,651

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	$ 503,074	$ -	$ -	$ -	$ -	$ 503,074
Sales tax	752,596	-	-	-	-	752,596
Business tax	135,131	-	-	-	-	135,131
Franchise tax	135,156	-	-	-	-	135,156
Excise tax	210,939	-	-	-	-	210,939
Hotel/Motel tax	2,293	1,017,067	-	-	-	1,019,360
Intergovernmental	20,239	-	484,297	-	-	504,536
Licenses and permits	169,800	-	-	-	-	169,800
Fines and forfeitures	140,690	-	-	-	7,381	148,071
Charges for services	82,256	-	-	-	-	82,256
Contributions	16,900	-	-	-	-	16,900
Interest	1,615	-	292	726	2	2,635
Miscellaneous	75,775	-	-	-		75,775
Total Revenue	2,246,464	1,017,067	484,589	726	7,383	3,756,229
Expenditures						
Current:						
General government	713,744	-	22	-	-	713,766
Public safety	949,966	-	-	-	34	950,000
Public works	484,691	-	11,814	-	-	496,505
Recreation and culture	172,562	446,225	-	-	-	618,787
Debt Service:						
Interest Expenditure	14,482	-	-	-	-	14,482
Principal retirement	99,384	-	-	-	-	99,384
Capital Outlay	-	-	232,110	189,138	-	421,248
Total Expenditures	2,434,829	446,225	243,946	189,138	34	3,314,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,365)	570,842	240,643	(188,412)	7,349	442,057
Other Financing Sources (Uses)						
Transfers in	569,115	-	-	16,382	100	585,597
Transfers out	(16,382)	(569,115)	(590,724)	-	-	(1,176,221)
Total Other Financing Sources (Uses)	552,733	(569,115)	(590,724)	16,382	100	(590,624)
Net Change in Fund Balances	364,368	1,727	(350,081)	(172,030)	7,449	(148,567)
Beginning Fund Balance	1,739,645	59,752	531,473	298,057	8,438	2,637,365
Ending Fund Balance	$ 2,104,013	$ 61,479	$ 181,392	$ 126,027	$ 15,887	$ 2,488,798

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net Changes in Fund Balances-Total Governmental Funds		$	(148,567)
Amounts reported as governmental activities in the Statement of Activities are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:			
Capital outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation.			
Capital outlay	421,248		
Less: Current year depreciation	(432,213)		
			(10,965)
In the statement of activities, only the gain/loss on the sale of various fixed assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the equipment sold.			
Net book value of fixed assets sold			(7,360)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.			99,384
Compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Compensated absence liability at June 30, 2015	157,702		
Compensated absence liability at June 30, 2016	(124,415)		
			33,287
Accrued interest and amortization of deferred charges are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Accrued interest at June 30, 2015	5,317		
Accrued interest at June 30, 2016	(4,332)		
			985
Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "available" revenues and are deferred in the governmental funds.			
Deferred revenue at June 30, 2015	(37,676)		
Deferred revenue at June 30, 2016	61,084		
			23,408
Change in Net Position of Governmental Activities		$	(9,828)

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Statement of Net Position
Proprietary Fund
June 30, 2016

	Water and Sewer Fund
Current Assets	
Cash and cash equivalents	$ 1,171,744
Restricted cash and cash equivalents	91,025
Accounts receivable (net)	60,396
Prepaid expenses	18,907
Accrued revenue	7,886
Total Current Assets	1,349,958
Noncurrent Assets	
Advances to other funds	576,559
Capital assets	
Non-depreciable	1,193,823
Depreciable, net	5,012,923
Total Noncurrent Assets	6,783,305
Total Assets	8,133,263
Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	8,133,263
Liabilities	
Current Liabilities	
Accounts payable	12,891
Accrued expenses	7,296
Due to other funds	97,830
Customer deposits	91,025
Intergovernmental loan	371,240
Total Current Liabilities	580,282
Long-term Liabilities	
Compensated absences	28,659
Intergovernmental loan	734,663
Total Long-term Liabilities	763,322
Total Liabilities	1,343,604
Deferred Inflows of Resources	-
Total Liabilities and Deferred Inflows of Resources	1,343,604
Net Position	
Net investment in capital assets	5,100,843
Unrestricted	1,688,816
Total Net Position	$ 6,789,659

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended June 30, 2016

	Water and Sewer Fund
Operating Revenue	
Charges for services	$ 757,473
Connection fees	5,120
Miscellaneous income	3,237
Total Operating Revenue	765,830
Operating Expenses	
Personnel services:	
Salaries and wages	202,077
Employment taxes	13,611
Benefits	51,538
Total Personnel Services	267,226
Other operating expenses:	
Purchased water	8,040
Supplies	62,025
Insurance	13,678
Repairs and maintenance	95,695
Utilities	107,939
Engineering, lab fees, and training	5,007
Depreciation	314,362
Miscellaneous	7,417
Total Other Operating Expenses	614,163
Total Operating Expenses	881,389
Operating Income (Loss)	(115,559)
Nonoperating Revenues (Expenses)	
Interest income	1,547
Interest expense	(33,575)
Total Nonoperating Revenues and (Expenses)	(32,028)
Income (Loss) Before Contributions and Transfers	(147,587)
Intergovernmental grant	74,272
Transfer in	590,724
Transfer (out)	(100)
Change in Net Position	517,309
Net Position Beginning of Year	6,272,350
Net Position End of Year	$ 6,789,659

The accompanying notes are an integral part of these financial statements.

CITY OF HELEN, GEORGIA

Statement of Cash Flows

Proprietary Fund

For The Year Ended June 30, 2016

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers	$ 966,678
Payments to suppliers	(286,548)
Payments to employees	(262,799)
Net cash provided (used) by operating activities	417,331
Cash flows from noncapital financing activities:	
Transfer from other funds	590,724
Transfer to other funds	(100)
Increase (decrease) in advances to other funds	(576,559)
Net cash provided (used) by noncapital financing activities	14,065
Cash flows from capital and related financing activities:	
Intergovernmental grants	74,272
Acquisition and construction of capital assets	(590,724)
Proceeds from debt issue	307,445
Debt payments, principal and interest	(95,336)
Net cash provided (used) by capital and related financing activities	(304,343)
Cash flows from investing activities:	
Interest income	1,547
Net cash provided (used) by investing activities	1,547
Net increase (decrease) in cash and cash equivalents	128,600
Cash and cash equivalents, June 30, 2015	1,134,169
Cash and cash equivalents, June 30, 2016	$ 1,262,769
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (115,559)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	314,362
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	696
(Increase) decrease in prepaid expenses	(12,738)
Increase (decrease) in due from other funds	194,842
Increase (decrease) in due to other funds	30,451
Increase (decrease) in accounts payable	(4,460)
Increase (decrease) in accrued expenses	2,338
Increase (decrease) in compensated absences	2,089
Increase (decrease) in customer deposits	5,310
Net cash provided (used) by operating activities	$ 417,331

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Helen, Georgia, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

1-A The Reporting Entity

The reporting entity is made up of the primary government and its component units.

The foundation of a primary government is a separately elected governing body--one that is elected by the citizens in a general, popular election. As the nucleus of the financial reporting entity, the primary government generally is the focal point for the users of the financial statements. A primary government is any state government or general purpose local government (municipality or county) that meets all of the following criteria:

a. It has a separately elected governing body.
b. It is legally separate.
c. It is fiscally independent of other state and local governments.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of a primary government.

The following circumstances set forth a primary government's financial accountability for a legally separate organization.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no entities which qualify as component units or potential component units of the City of Helen, Georgia.

1-B Basis of Presentation and Basis of Accounting

Basis of Presentation – Government-Wide and Fund Financial Statements

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major

governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Hotel/Motel Tax Fund. This is a special revenue fund which accounts for the receipt and expenditure of Hotel/Motel tax revenues.

Capital Projects Fund. This fund accounts for resources set aside by the City for capital projects and also capital projects funded by *Special Purpose Local Option Sales Taxes.* The SPLOST provides financial resources which are to be expended for purposes approved by referendum.

Other Capital Projects Fund. The City set aside this fund for major downtown renovations. All expenditures are approved by the City Commission.

The City reports the following major proprietary fund:

Water and Sewer Fund. This fund accounts for the operations of the City's water and sewer services.

Proprietary fund operating revenues and expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings or interest expense, result from non-exchange transactions or ancillary activities.

Receivables from and payables to external parties are reported separately and not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and adjustments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted

and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

1-C Assets, Liabilities, and Equity

Investments

As of June 30, 2016, the City did not have investments, nor are investments authorized.

Cash and Cash Equivalents

The City considers short-term liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. Only investments with original maturities of three months or less meet this definition. Non-negotiable certificates of deposit are considered to be cash equivalents.

Restricted Assets

These assets are held in the capital projects fund and special revenue funds for specific purposes defined by statute, referendum, or grant contract and not generally available for general government operations. Restricted assets held in the Water & Sewer fund are related to refundable customer deposits.

Interfund Receivables and Payables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances" or "advances to/from other funds" and eliminated on the Statement of Net Position.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables

All trade accounts receivable for the City of Helen, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of ninety days comprise the trade accounts receivable allowance for uncollectibles.

Property Tax Calendar

The City set its millage rate for 2015 on July 3, 2015 at 6.575 mils. Property tax bills were mailed on August 24, 2015 and were due November 15, 2015. Penalties and interest are due on all accounts not paid by the due date. Fifa's on delinquent tax accounts could be filed on December 16, 2015. The City contracts with the White County Tax Commissioner's Office to process tax bills, collect and remit tax payments. The fee for this service is $5.00 per tax bill.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. In the governmental funds, the costs of inventory items are recorded as expenditures at the time of purchase. The City maintains no significant inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

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

statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	35
Building improvements	35
Infrastructure	20-25
Equipment	5-25
Vehicles	7-15

Compensated Absences

General leave for the City includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued leave earned not to exceed the number of leave hours outlined in the employee policy manual.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The balance of compensated absences is recorded as a noncurrent liability and disclosed as a long term debt.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Retirement Plans

The City sponsors the Helen Section 457 Deferred Compensation Plan, a defined contribution plan, for the benefit of its employees. All funding is from employee deferrals. In order to participate, an employee must work for the City for at least six months. From six months to two years, the employee contributes a percentage of salary. From year two to year five, the City will match up to 5% of the employee's salary. After the fifth year of employment, the City will match up to 10% of the employee's salary. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the City's financial statements. As administrator of the plan, the City may amend the plan at its discretion. For the year ending June 30, 2016, the fourteen (13) employee/participants contributed $39,550 to the plan, and the employer matched with a contribution of $33,731.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows 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. Currently the City has two revenue sources in 2016: property taxes and fines and forfeitures, that qualifies for reporting as *deferred inflows of resources.*

1-D 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 balance 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 non-spendable 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 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 can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. The City Commission also may modify or rescind the commitment.

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. Through resolution, the City Commission has authorized the City's finance officer 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 balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

Committed
Assigned
Unassigned

Net position - Net position represents 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 (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net positions are reported as

unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2. CASH

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

The City's custodial credit risk policy is to require all banks to collateralize the City's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The City does not have a foreign credit risk.

At June 30, 2016, all bank deposits were insured or fully collateralized.

NOTE 3. RECEIVABLES

The following is a summary of amounts due from others at June 30, 2016.

Governmental Activities:		
Property taxes receivable - net	$	7,444
Hotel/motel taxes receivable - net		111,532
Other taxes receivable - net		36,939
Fines receivable - net		58,616
Other charges for services - net		1,412
Due from other governments - SPLOST		85,431
Due from other governments - LOST		75,181
Total Governmental Receivables:	$	376,555
Business-type Activities:		
Water sewer fees receivable - net	$	60,396
Total Business-type Receivables:	$	60,396

NOTE 4. LITIGATION

The Attorneys for the City have advised that there are no known legal matters which will have a material effect on the City's financial condition. No provision has been made to provide reserves for litigation settlements.

NOTE 5. LONG-TERM DEBT

The City's long-term debt consists of obligations under capital leases and revenue bonds and notes payable. The following is a summary of changes in long-term debt for the year ended June 30, 2016. The amounts reported as long-term debt in the Statement of Net Position represents amounts not expected to be paid with expendable available resources. The interest expense reported in the government-wide Statement of Activities for governmental activities is $13,497 which was paid as a direct cost of long-term debt. In business-type activities, the City incurred $95,336 as a direct cost of long-term debt.

Governmental Activities Debt – The following is a summary of the outstanding debt for the City's governmental activities.

Capital Leases -- The City has entered into capital lease agreements as lessee for financing the acquisition of land, police vehicles, equipment and a building. These leases qualify as capital leases for accounting purposes (i.e., title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the

date of the inception of the lease. Capital lease payments are reflected as debt service expenditures at the fund reporting level. The City has two capital lease arrangements outstanding at June 30, 2016.

On December 21, 2004, the City entered into a capital lease to finance the acquisition of land and building and the remodeling of the building to be used as the new City Hall, at a rate of 5.17%, with annual payments of $59,798 and a maturity date of December 21, 2019.

On January 6, 2014, the City entered into a capital lease to purchase an air compressor and air packs for the fire department. They negotiated a capital lease with BB&T at a rate of 3.28%, with 60 monthly payments of $1,767 with a maturity date of January 6, 2019.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Land	$ 211,250
Buildings	470,139
Equipment	99,346
Less: Accumulated Depreciation	(194,375)
	$ 586,360

Amortization expense is included with depreciation.

The outstanding balance of the corresponding liabilities is included in governmental activities long-term debt. Future minimum lease payments are as follows:

Total of all governmental capital leases:

Year	Principal	Interest	Total
2017	71,555	9,816	81,371
2018	74,197	7,171	81,368
2019	67,903	4,478	72,381
2020	57,586	2,211	59,797
Totals	$ 271,241	$ 23,676	$ 294,917

Business-Type Activities Debt – All reported as intergovernmental loans.

Intergovernmental Loans

In October 2005, the City received a loan from GEFA in the amount of $724,687, in order to repair tornado damage to the City's waste treatment facility. Those repairs were completed as of June 30, 2007, and the draw note was converted to a permanent loan to be amortized over 20 years at an interest rate of 3.73%, amortized quarterly, with payments of $12,894, with a maturity date of December 1, 2026.

In November 2007, the City received a loan from GEFA in the amount of $115,163, in order to repair/improve the waste treatment spray fields. The loan rate is 2% amortized monthly, with payments of $1,060, with a maturity date of November 1, 2017.

In August 2009, the City received a loan from Georgia Environmental Facilities Authority to borrow $1,288,000 for the rehabilitation of the city's wastewater treatment facility. In accordance with the American Recovery and Reinvestment Act of 2010 ("ARRA") the lender has agreed to forgive 70% of the loan balance once construction is completed. Construction on

the wastewater treatment facility was completed on June 30, 2012. The remaining 30% balance totaling $386,400 is a 20 year note at 3.00 percent interest repaid by the City in monthly installments of $2,143 beginning on January 1, 2013.
On November 18, 2014, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the construction of Hamby Street water line and construction of a new well. Construction on the project should be completed by June 30, 2017. The loan in the amount of $413,490 is a 10 year note at 0.66% interest repaid by the City in monthly installments tentatively scheduled to begin on July 1, 2017. The lender has agreed to forgive $103,373 of this loan if all funds are drawn (lessor proportional amount if entire approved loan is not taken). As of June 30, 2016, $170,148 was drawn with $42,537 in debt forgiveness, resulting in an outstanding debt balance of $127,611. As of the date of the 2016 audit report, the project had not been completed. Therefore, the future annual requirements of principal and interest are unknown.

On July 15, 2015, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the construction of Willow Pond Sewer Line Replacement Project. Construction on the project should be completed by June 30, 2017. The loan for $350,000 is a 10 year note at 0.50% interest repaid by the City in monthly installments tentatively scheduled to begin on July 1, 2017. The lender has agreed to forgive $52,500 of this loan if all funds are drawn (lessor proportional amount if entire approved loan is not taken). As of June 30, 2016, $211,569 was drawn with $31,735 in debt forgiveness, resulting in an outstanding debt balance of $179,834. As of the date of the 2016 audit report, the project had not been completed. Therefore, the future annual requirements of principal and interest are unknown.

The maturities and debt service requirements are as follows:

Year	Principal	Interest	Total
2017	$ 63,795	$ 26,213	$ 90,008
2018	58,414	24,175	82,589
2019	55,032	22,260	77,292
2020	56,988	20,304	77,292
2021	59,016	18,276	77,292
2022-2026	328,117	58,343	386,460
2027-2031	139,425	14,943	154,368
2032-2033	37,670	904	38,574
Totals:	$ 798,457	$ 185,418	$ 983,875

Changes in Long-Term Debt – Changes in the City's long-term obligations, including current portions, consisted of the following for the year ended June 30, 2016:

	Balance as of June 30, 2015	Additions	Reductions	Balance as of June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 157,702	$ -	$ (33,287)	124,415	$ -
Lease Payable	338,644	-	(67,403)	271,241	71,552
Revenue Bonds	31,981	-	(31,981)	-	-
Total governmental activities	$ 528,327	$ -	$ (132,671)	$ 395,656	$ 71,552
Business-Type Activities:					
Compensated Absences	$ 26,570	$ 2,089	$ -	$ 28,659	$ -
Intergovernmental Loans	860,219	307,445	(61,761)	1,105,903	371,240
Total business-type activities	$ 886,789	$ 309,534	$ (61,761)	$ 1,134,562	$ 371,240

Compensated absences are composed of accumulated personal leave pay at June 30, 2016, which will be paid from the General fund and the Water and Sewer fund.

NOTE 6. DEFERRED INFLOWS OF RESOURCES

The City's governmental funds report deferred inflows of resources as shows below:

Governmental Fund Financial Statements:		
Property Taxes	$	5,243
Fines		55,841
Total Deferred Inflows of Resources	$	61,084

The deferred inflows of resources are imposed non-exchange transaction which is received beyond the City's period of availability.

NOTE 7. RISK MANAGEMENT

The City purchases Workers Compensation Insurance through the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City's policy year starts on January 1st and ends on December 31st of each year. The premium for the policy year of 2016 was $94,951. The City also purchases General Liability Insurance through the Georgia Interlocal Management Agency. The City's policy year starts May 1st and ends on April 30th of each year. The premium for the year ending April 30, 2016 was $60,510.

As part of these risk pools, the Government 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 of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government 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 costs 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.

With respect to other types of risk including torts, theft or destruction of assets, errors of omissions, and acts of God, the City has purchased sufficient insurance and, therefore, transferred risk of loss. There have been no settlements in the previous three years in excess of insurance.

NOTE 8. HOTEL-MOTEL TAX COMPLIANCE

As required by code section 48-13-51 of the O.C.G.A the city is required to contract with an independent nonprofit entity to spend 40% of the first 5% of the tax assessed on the promotion of tourism and trade. In addition, 50% of the amount assessed over 5% must also be expended for promotion of tourism and trade through the independent nonprofit entity. The remaining 50% of the additional 3% must be retained by the City and expended for the promotion of tourism and trade. At June 30, 2016, the City funds the Alpine Helen/White County Convention and Visitors Bureau for the expenditure of this tax revenue and provides the CVB with 43.74% percent of total tax collections. The City of Helen, Georgia is in compliance with O.C.G.A 48-13-51 for the year ending June 30, 2016.

Tax Collections:	$	1,017,067
Amount Provided to CVB:	$	446,225
City Promotion Expenditures:	$	569,115

NOTE 9. BUDGETS

The following are Governmental Funds for which budgets were legally adopted:

Department	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Variance with Final Budget Over (Under)
General Fund			
General Government	$ 761,228	$ 713,744	$ (47,484)
Public Safety	983,170	949,966	(33,204)
Public Works	536,227	484,691	(51,536)
Recreation & Culture	227,216	172,562	(54,654)
Transfers Out	17,000	16,382	(618)
Hotel/Motel Fund	1,017,000	1,015,340	(1,660)
Police Technology Fund	6,500	34	(6,466)
Grant Fund	763,590	-	(763,590)
Tree Fund	200	-	(200)
Other Capital Projects Fund	368,000	189,138	(178,862)
	$ 4,680,131	$ 3,541,857	$ (1,138,274)

The City's legal level of control is at the department level which is the basis on which the Budgetary Comparison Schedule is prepared.

NOTE 10. CAPITAL ASSETS

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Primary Government:					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 1,711,488	$ -	$ -	$ -	$ 1,711,488
Construction in Progress	56,420	109,587	-	-	166,007
Total non-depreciable capital assets	1,767,908	109,587	-	-	1,877,495
Depreciable Assets:					
Buildings & Improvements	2,804,247	-	-	-	2,804,247
Machinery & Equipment	465,276	48,903	6,000	-	508,179
Furniture & Fixtures	-	-	-	-	-
Vehicles	707,248	202,471	51,558	-	858,161
Infrastructure	6,945,436	60,287	-	-	7,005,723
Total depreciable capital assets	10,922,207	311,661	57,558	-	11,176,310
Accumulated Depreciation:					
Buildings & Improvements	1,343,887	78,764	-	505	1,423,156
Machinery & Equipment	240,295	46,064	6,000	-	280,359
Furniture & Fixtures	-	-	-	-	-
Vehicles	616,901	56,274	44,198	(505)	628,472
Infrastructure	4,359,950	251,111		-	4,611,061
Total accumulated depreciation	6,561,033	432,213	50,198	-	6,943,048
Total depreciable capital assets, net	4,361,174	(120,552)	7,360	-	4,233,262
Governmental activities capital assets, net	$ 6,129,082	$ (10,965)	$ 7,360	$ -	$ 6,110,757

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land	$ 209,556	$ -	$ -	$ -	$ 209,556
Construction in progress	435,373	548,894	-	-	984,267
Total non-depreciable capital assets	644,929	548,894	-	-	1,193,823
Depreciable Assets:					
Buildings and improvements	22,982	-	-	-	22,982
Machinery and equipment	979,622	-	11,750	-	967,872
Furniture and fixtures	-	-	-	-	-
Vehicles	-	-	-	-	-
Water sewer system	8,348,889	41,830	-	(1)	8,390,718
Infrastructure	-	-	-	-	-
Total depreciable capital assets	9,351,493	41,830	11,750	(1)	9,381,572
Accumulated Depreciation:					
Buildings and improvements	20,415	314	-	(1)	20,728
Machinery and equipment	875,889	32,770	11,750	(1)	896,908
Furniture and fixtures	-	-	-	-	-
Vehicles	-	-	-	-	-
Water sewer system	3,169,734	281,278	-	1	3,451,013
Infrastructure	-	-	-	-	-
Total accumulated depreciation	4,066,038	314,362	11,750	(1)	4,368,649
Total depreciable capital assets, net	5,285,455	(272,532)	-	-	5,012,923
Business-type activities capital assets, net	$ 5,930,384	$ 276,362	$ -	$ -	$ 6,206,746

Depreciation expense was charged to functions as follows:

Governmental Activities:		Business-Type Activities:	
General Government	$ 55,927	Water and Sewer	$ 314,362
Public Safety	76,897		
Streets and Sanitation	299,389		
Total Depreciation	$ 432,213		

NOTE 11. INTERFUND BALANCES AND TRANSFERS

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. As of June 30, 2016, the interfund balance were as follows:

Due To:	Due From: Water and Sewer Fund	Total
General Fund	$ 97,830	$ 97,830
	$ 97,830	$ 97,830

Advances To:	Advances From: Water and Sewer Fund	Total
Other Capital Projects Fund	$ 576,559	$ 576,559
	$ 576,559	$ 576,559

This government reports interfund transfers between many of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row titled *Other Funds.* The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government-wide financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfer From:				
Transfer To:	General Fund	Hotel / Motel Fund	Capital Projects Fund	Water and Sewer Fund	Total
General Fund	$ -	$ 569,115	$ -	$ -	$ 569,115
Other Capital Projects Fund	16,382	-	-	-	16,382
Water and Sewer Fund	-	-	590,724	-	590,724
Grant Fund	-	-	-	100	100
	$ 16,382	$ 569,115	$ 590,724	$ 100	$ 1,176,321

NOTE 12. ALLOWANCE FOR UNCOLLECTABLE TAXES AND ACCOUNTS

The balance of taxes and accounts receivable at June 30, 2016, are net of the following allowances for doubtful accounts.

Allowance for Bad Debts:	
Governmental Activities:	
Property taxes receivable	$ 75
Fines receivable	24,832
Solid waste receivable	4,293
Total Governmental Allowance for Bad Debts:	$ 29,200
Business-type Activities:	
Water sewer fees receivable	$ 15,513
Total Business-type Allowance for Bad Debts:	$ 15,513

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2016, the City paid $579 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Commission 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 the Commission. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission
1310 W. Ridge Road
Gainesville, GA 30501

NOTE 14. SUBSEQUENT EVENTS

On November 18, 2016, the City Commission approved the purchase of a new fire truck for $407,000 and related equipment at the cost of $35,000. The fire truck is currently in the process of being built and is expected to be put in service in July 2017. The City intends to finance this purchase through Georgia Municipal Association. The terms of the loan have not been determined as of December 06, 2016.

CITY OF HELEN, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Final Budget
Revenues						
Property tax	$ 515,807	$ 507,253	$ 503,074	$ -	$ 503,074	$ (4,179)
Sales tax	710,000	742,000	752,596	-	752,596	10,596
Business tax	135,500	135,500	135,131	-	135,131	(369)
Franchise tax	130,000	130,000	135,156	-	135,156	5,156
Excise tax	185,500	185,500	210,939	-	210,939	25,439
Hotel/Motel tax	6,000	6,000	2,293	-	2,293	(3,707)
Intergovernmental	21,800	21,800	20,239	-	20,239	(1,561)
Licenses and permits	145,750	145,750	169,800	-	169,800	24,050
Fines and forfeitures	120,158	128,216	140,690	-	140,690	12,474
Charges for services	69,905	69,905	82,256	-	82,256	12,351
Investment earnings	1,500	1,500	1,615	-	1,615	115
Contributions and donations	10,000	10,000	16,900	-	16,900	6,900
Miscellaneous	51,424	51,424	75,775	-	75,775	24,351
Total Revenues	2,103,344	2,134,848	2,246,464	-	2,246,464	111,616
Expenditures						
Current Operating:						
General government	754,026	761,228	713,744	-	713,744	(47,484)
Public safety	968,195	983,170	949,966	-	949,966	(33,204)
Public works	530,346	536,227	484,691	-	484,691	(51,536)
Recreation and culture	227,216	227,216	172,562	-	172,562	(54,654)
Debt service	102,592	114,592	113,866	-	113,866	(726)
Total Expenditures	2,582,375	2,622,433	2,434,829	-	2,434,829	(187,604)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(479,031)	(487,585)	(188,365)	-	(188,365)	299,220
Other Financing Sources (Uses)						
Transfers in	478,125	478,125	569,115	-	569,115	90,990
Transfers out	(17,000)	(17,000)	(16,382)	-	(16,382)	(618)
Budgeted Fund Balance	17,906	26,460	-	-	-	(26,460)
Total Other Financing Sources (Uses)	479,031	487,585	552,733	-	552,733	63,912
Net Change in Fund Balances	$ -	$ -	364,368	$ -	364,368	$ 363,132
Fund Balance Beginning of Year			1,739,645		1,739,645	
Fund Balance End of Year			$ 2,104,013		$ 2,104,013	

CITY OF HELEN, GEORGIA
Budgetary Comparison Schedule
Hotel / Motel Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Final Budget
Revenues						
Hotel/Motel tax	$ 850,000	$ 1,017,000	$ 1,017,067	$ -	$ 1,017,067	$ 67
Total Revenues	850,000	1,017,000	1,017,067	-	1,017,067	67
Expenditures						
Current Operating:						
Recreation and culture	371,875	444,937	446,225	-	446,225	1,288
Total Expenditures	371,875	444,937	446,225	-	446,225	1,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	478,125	572,063	570,842	-	570,842	(1,221)
Other Financing Sources (Uses)						
Transfers out	(478,125)	(572,063)	(569,115)	-	(569,115)	(2,948)
Total Other Financing Sources (Uses)	(478,125)	(572,063)	(569,115)	-	(569,115)	(2,948)
Net Change in Fund Balances	$ -	$ -	1,727	$ -	1,727	$ 1,727
Fund Balance Beginning of Year			59,752		59,752	
Fund Balance End of Year			$ 61,479		$ 61,479	

CITY OF HELEN, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2016

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a). Prior to June 1, the City Finance Officer submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

(b). Public hearings are conducted in November or December to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.

(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Commission.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Budget Amendments

An amendment to the original budget appropriations was properly approved by the City Commission. For the year ended June 30, 2016, the following supplemental increases in appropriations were adopted:

Department	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund				
General Government	$ 754,026	$ 7,202	$ -	$ 761,228
Public Safety	968,195	14,975	-	983,170
Public Works	530,346	5,881	-	536,227
Debt Service	102,592	12,000	-	114,592
	$ 2,599,375	$ 40,058	$ -	$ 2,639,433
Hotel/Motel Fund				
Recreation & Culture	371,875	73,062	-	444,937
Transfers Out	478,125	93,938	-	572,063
	$ 850,000	$ 167,000	$ -	$ 1,017,000

CITY OF HELEN, GEORGIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Grant Fund	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 253	$ 40	$ 15,594	$ 15,887
Total Assets	253	40	15,594	15,887
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	253	40	15,594	15,887
Liabilities				
Total Liabilities				
Deferred Inflows of Resources	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Restricted for:				
Capital Improvements	253	-	-	253
Law Enforcement	-	-	15,594	15,594
Committed for:				
Tree fund memorial	-	40	-	40
Total Fund Balance	253	40	15,594	15,887
Total Liabilities, Deferred Inflows and Fund Balance	$ 253	$ 40	$ 15,594	$ 15,887

CITY OF HELEN, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Grant Fund	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
Revenues				
Fines and forfeitures	-	-	7,381	7,381
Interest	2	-	-	2
Total Revenue	2	-	7,381	7,383
Expenditures				
Current:				
Public safety	-	-	34	34
Total Expenditures	-	-	34	34
Excess (Deficiency) of Revenues Over (Under) Expenditures	2	-	7,347	7,349
Other Financing Sources (Uses)				
Transfers in	100	-	-	100
Total Other Financing Sources (Uses)	100	-	-	100
Net Change in Fund Balances	102	-	7,347	7,449
Fund Balances Beginning of Year	151	40	8,247	8,438
Fund Balances End of Year	$ 253	$ 40	$ 15,594	$ 15,887

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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 City Commission
City of Helen, 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, the business type activities, and each major fund and the aggregate remaining fund information of the City of Helen, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Helen, Georgia's basic financial statements and have issued our report thereon dated December 06, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Helen, 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 Helen, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Helen, 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2016-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Helen, 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 is required to be reported under *Government Auditing Standards*.

The City of Helen, Georgia's Response to Findings

The City of Helen, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Helen, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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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.

Walker, Pierce & Tuck, CPA's, P.C.

Walker, Pierce & Tuck, CPA's, P.C.
Gainesville, Georgia
December 06, 2016

Findings – Financial Statement Audit

INTERNAL CONTROL

2016 -1

Condition:	The City accounting staff requires additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external audit for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City. Under current auditing standards, providing technical assistance does not impair independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the auditor. This does not indicate that the Finance Manager is not trained to perform the daily accounting functions, but the City has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on internal control and compliance.
Criteria:	Effective internal control requires that the City accept responsibility and understanding of the audited financial report.
Cause:	The City staff does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.
Effect:	The lack of proper technical training and knowledge by City staff could result in the failure to understand and detect material misstatements in the financial statements.
Recommendation:	The City should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.
Response:	The City agrees with this finding.

CITY OF HELEN, GEORGIA

Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2016

Project Description	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2009					
Roads, Streets, Sidewalks, and Bridges	$ 1,280,000	$ 1,280,000	$ 750,438	$ -	$ 750,438
Water / Wastewater Improvements	1,850,000	1,850,000	596,222	295,941	892,163
Public Buildings and Grounds	250,000	250,000	143,523	-	143,523
Total:	$ 3,380,000	$ 3,380,000	$ 1,490,183	$ 295,941	$ 1,786,124
SPLOST 2014					
Water/Wastewater Improvements	$ 974,909	$ 974,909	$ 41,017	$ 294,805	$ 335,822
Roads, Streets, Bridges, and Sidewalk Projects	1,170,039	1,170,039	85,019	99,963	184,982
Aquisition and Capital Improvement of Public Building	225,017	225,017	3,600	140,030	143,630
The Acquitision and Improvement of Computer and Communication Equipment	100,035	100,035	10,763	3,931	14,694
Total:	$ 2,470,000	$ 2,470,000	$ 140,399	$ 538,729	$ 679,128