CITY OF HELEN, GEORGIA

FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

WALKER, PIERCE & TUCK, CPA'S, PC

CITY OF HELEN, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2018
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Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Helen, Georgia

Report on the Financial Statements

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, 2018 , 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, 2018, 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.

Supplementary Information

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 January 8, 2019 , 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
January 8, 2019

CITY OF HELEN, GEORGIA

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 3,832,736	$ 1,461,969	$ 5,294,705
Restricted cash	3,854	101,732	105,586
Receivables (net)	262,560	67,497	330,057
Intergovernmental receivable	177,774	-	177,774
Prepaid expenditures	85,908	12,328	98,236
Accrued revenue	-	14,886	14,886
Interfund balances	53,631	(53,631)	-
Total Current Assets	4,416,463	1,604,781	6,021,244
Noncurrent Assets			
Capital assets			
Nondepreciable	1,711,488	286,319	1,997,807
Depreciable, net	4,998,598	5,653,342	10,651,940
Total Noncurrent Assets	6,710,086	5,939,661	12,649,747
Total Assets	11,126,549	7,544,442	18,670,991
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	11,126,549	7,544,442	18,670,991
Liabilities			
Current Liabilities			
Accounts payable	114,423	22,039	136,462
Accrued expenses	36,404	5,440	41,844
Lease payable	103,323	-	103,323
Intergovernmental loan	-	112,978	112,978
Amounts held in trust	13,757	101,619	115,376
Advances from other funds	576,559	(576,559)	-
Total Current Liabilities	844,466	(334,483)	509,983
Long-term Liabilities			
Lease payable	390,941	-	390,941
Intergovernmental loan	-	1,069,897	1,069,897
Compensated absences	155,491	10,136	165,627
Total Long-term Liabilities	546,432	1,080,033	1,626,465
Total Liabilities	1,390,898	745,550	2,136,448
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,390,898	745,550	2,136,448
Net Position			
Net Investment in Capital Assets	6,215,822	4,756,786	10,972,608
Restricted for:			
Capital projects	187,194	-	187,194
Public safety	23,382	-	23,382
Tourism	78,433	-	78,433
Unrestricted	3,230,820	2,042,106	5,272,926
Total Net Position	$ 9,735,651	$ 6,798,892	$ 16,534,543

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

CITY OF HELEN, GEORGIA

Statement of Activities

For the Year Ended June 30, 2018

	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	$ 740,608	$ 377,380	$ 3,504	$ 574,474	$ 214,750	$ -	$ 214,750
Judicial	21,440	2,275	-	-	(19,165)	-	(19,165)
Public safety	1,094,017	12,059	1,319	-	(1,080,639)	-	(1,080,639)
Public works	804,567	46,434	-	250,657	(507,476)	-	(507,476)
Recreation and culture	635,565	-	-	-	(635,565)	-	(635,565)
Housing and development	234,484	3,461	-	-	(231,023)	-	(231,023)
Interest on Debt	16,329	-	-	-	(16,329)	-	(16,329)
Total Governmental Activities	3,547,010	441,609	4,823	825,131	(2,275,447)	-	(2,275,447)
Business-type activities:							
Water and sewer	1,035,012	851,176	-	-	-	(183,836)	(183,836)
Total Business-type Activities	1,035,012	851,176	-	-	-	(183,836)	(183,836)
Total Primary Government	$ 4,582,022	$ 1,292,785	$ 4,823	$ 825,131	(2,275,447)	(183,836)	(2,459,283)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					541,881	-	541,881
Franchise fees					128,352	-	128,352
Excise taxes					220,183	-	220,183
Business tax					142,062	-	142,062
Sales tax					865,343	-	865,343
Hotel/Motel tax					1,280,584	-	1,280,584
Interest and investment earnings					3,211	1,598	4,809
Miscellaneous					195,080	742	195,822
Gain on disposition of assets					-	(56,859)	(56,859)
Transfers					(59,997)	59,997	-
Total General Revenues and Transfers					3,316,699	5,478	3,322,177
Change in Net Position					1,041,252	(178,358)	862,894
Net Position Beginning of Year					8,694,399	6,977,250	15,671,649
Ending Net Position					$ 9,735,651	$ 6,798,892	$ 16,534,543

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

CITY OF HELEN, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 3,025,758	$ -	$ 108,369	$ 674,763	$ 23,846	$ 3,832,736
Restricted cash	3,854	-	-	-	-	3,854
Intergovernmental receivable	80,629	-	97,145	-	-	177,774
Receivables (net)	123,123	139,437	-	-	-	262,560
Prepaid expenditures	85,908	-	-	-	-	85,908
Due from other funds	53,631	-	-	-	-	53,631
Total Assets	3,372,903	139,437	205,514	674,763	23,846	4,416,463
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 3,372,903	$ 139,437	$ 205,514	$ 674,763	$ 23,846	$ 4,416,463
Liabilities						
Accounts payable	$ 34,986	$ 61,004	$ 18,320	$ 113	$ -	$ 114,423
Accrued expenses	34,156	-	-	-	-	34,156
Advances from other funds	-	-	-	576,559	-	576,559
Amounts held in trust	13,757	-	-	-	-	13,757
Total Liabilities	82,899	61,004	18,320	576,672	-	738,895
Deferred Inflows of Resources	43,946	-	-	-	-	43,946
Total Liabilities and Deferred Inflows of Resources	126,845	61,004	18,320	576,672	-	782,841
Fund Balances						
Nonspendable:						
Prepaid expenditures	85,908	-	-	-	-	85,908
Restricted for:						
Capital projects	-	-	187,194	-	-	187,194
Law enforcement	-	-	-	-	23,382	23,382
Tourism	-	78,433	-	-	-	78,433
Committed for:						
Capital projects	-	-	-	98,091	-	98,091
Tree fund memorial	-	-	-	-	464	464
Unassigned	3,160,150	-	-	-	-	3,160,150
Total Fund Balances	3,246,058	78,433	187,194	98,091	23,846	3,633,622
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,372,903	$ 139,437	$ 205,514	$ 674,763	$ 23,846	$ 4,416,463

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, 2018

Total Governmental Fund Balances		$ 3,633,622
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	$ 14,492,235	
Less: Accumulated depreciation	(7,782,149)	
Total capital assets		6,710,086
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		(155,491)
Accrued interest payable not reported in the governmental funds		(2,248)
Capital leases		(494,264)
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.		43,946
Net Position of Governmental Activities		$ 9,735,651

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, 2018

	General Fund	Hotel / Motel Fund	Capital Projects Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	$ 539,699	$ -	$ -	$ -	$ -	$ 539,699
Sales tax	865,343	-	-	-	-	865,343
Business tax	142,062	-	-	-	-	142,062
Franchise tax	128,352	-	-	-	-	128,352
Excise tax	220,183	-	-	-	-	220,183
Hotel/Motel tax	2,452	1,278,132	-	-	-	1,280,584
Intergovernmental	255,300	-	556,888	-	-	812,188
Licenses and permits	178,042	-	-	-	-	178,042
Fines and forfeitures	168,244	-	-	-	11,729	179,973
Charges for services	99,276	-	-	-	-	99,276
Contributions	17,477	-	-	-	180	17,657
Interest	2,415	-	109	686	110	3,320
Miscellaneous	182,778	-	-	-		182,778
Total Revenue	2,801,623	1,278,132	556,997	686	12,019	4,649,457
Expenditures						
Current:						
General government	672,908	-	-	-	45	672,953
Judicial	21,440	-	-	-	-	21,440
Public safety	1,386,357	-	-	-	11,029	1,397,386
Public works	544,586	-	-	-	-	544,586
Recreation and culture	77,640	557,925	-	-	-	635,565
Housing and development	234,484	-	-	-	-	234,484
Debt Service:						
Interest Expenditure	17,391	-	-	-	-	17,391
Principal retirement	110,521	-	-	-	-	110,521
Capital Outlay	-	-	538,149	248,540	-	786,689
Total Expenditures	3,065,327	557,925	538,149	248,540	11,074	4,421,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	(263,704)	720,207	18,848	(247,854)	945	228,442
Other Financing Sonrces (Uses)						
Transfers in	709,046	-	-	227,956	-	937,002
Transfers out	(227,956)	(709,046)	(59,542)	-	(455)	(996,999)
Insurance refunds and recoveries	12,302	-	-	-	-	12,302
Proceeds from the issuance of long term debt	406,802	-	-	-	-	406,802
Total Other Financing Sources (Uses)	900,194	(709,046)	(59,542)	227,956	(455)	359,107
Net Change in Fund Balances	636,490	11,161	(40,694)	(19,898)	490	587,549
Beginning Fund Balance	2,609,568	67,272	227,888	117,989	23,356	3,046,073
Ending Fund Balance	$ 3,246,058	$ 78,433	$ 187,194	$ 98,091	$ 23,846	$ 3,633,622

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, 2018

Net Changes in Fund Balances-Total Governmental Funds		$ 587,549
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 depreciation exceeds capital outlay.		
Capital outlay	1,193,491	
Less: Current year depreciation	(406,499)	
		786,992
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.		
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.		(296,281)
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, 2017	130,921	
Compensated absence liability at June 30, 2018	(155,491)	
		(24,570)
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, 2017	3,310	
Accrued interest at June 30, 2018	(2,248)	
		1,062
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, 2017	(57,446)	
Deferred revenue at June 30, 2018	43,946	
		(13,500)
Change in Net Position of Governmental Activities		$ 1,041,252

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

CITY OF HELEN, GEORGIA

Statement of Net Position
Proprietary Fund
June 30, 2018

	Water and Sewer Fund
Current Assets	
Cash and cash equivalents	$ 1,461,969
Restricted cash and cash equivalents	101,732
Accounts receivable (net)	67,497
Prepaid expenses	12,328
Accrued revenue	14,886
Total Current Assets	1,658,412
Noncurrent Assets	
Advances to other funds	576,559
Capital assets	
Non-depreciable	286,319
Depreciable, net	5,653,342
Total Noncurrent Assets	6,516,220
Total Assets	8,174,632
Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	8,174,632
Liabilities	
Current Liabilities	
Accounts payable	22,039
Accrued expenses	5,440
Due to other funds	53,631
Customer deposits	101,619
Intergovernmental loan	112,978
Total Current Liabilities	295,707
Long-term Liabilities	
Compensated absences	10,136
Intergoverumental loan	1,069,897
Total Long-term Liabilities	1,080,033
Total Liabilities	1,375,740
Deferred Inflows of Resources	-
Total Liabilities and Deferred Inflows of Resources	1,375,740
Net Position	
Net investment in capital assets	4,756,786
Unrestricted	2,042,106
Total Net Position	$ 6,798,892

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, 2018

	Water and Sewer Fund
Operating Revenue	
Charges for services	$ 845,404
Connection fees	5,772
Miscellaneous income	742
Total Operating Revenue	851,918
Operating Expenses	
Personnel services:	
Salaries and wages	208,953
Employment taxes	14,124
Benefits	53,315
Total Personnel Services	276,392
Other operating expenses:	
Purchased water	14,935
Supplies	59,266
Insurance	15,346
Repairs and maintenance	167,080
Utilities	102,732
Engineering, lab fees, and training	9,763
Depreciation	356,178
Miscellaneous	6,145
Total Other Operating Expenses	731,445
Total Operating Expenses	1,007,837
Operating Income (Loss)	(155,919)
Nonoperating Revenues (Expenses)	
Interest income	1,598
Interest expense	(27,175)
Total Nonoperating Revenues and (Expenses)	(25,577)
Income (Loss) Before Contributions and Transfers	(181,496)
Gain (Loss) on sale of fixed assets	(56,859)
Transfer in	59,997
Change in Net Position	(178,358)
Net Position Beginning of Year	6,977,250
Net Position End of Year	$ 6,798,892

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, 2018

	Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers	$ 1,013,752
Payments to suppliers	(357,792)
Payments to employees	(288,510)
Net cash provided (used) by operating activities	367,450
Cash flows from noncapital financing activities:	
Transfer from other funds	7,270
Net cash provided (used) by noncapital financing activities	7,270
Cash flows from capital and related financing activities:	
Transfer from other funds	52,727
Acquisition and construction of capital assets	(69,028)
Debt payments, principal and interest	(143,198)
Net cash provided (used) by capital and related financing activities	(159,499)
Cash flows from investing activities:	
Interest income	1,598
Net cash provided (used) by investing activities	1,598
Net increase (decrease) in cash and cash equivalents	216,819
Cash and cash equivalents, June 30, 2017	1,346,882
Cash and cash equivalents, June 30, 2018	$ 1,563,701
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (155,919)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	356,178
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(7,261)
(Increase) decrease in prepaid expenses	(3)
Increase (decrease) in due from other funds	164,026
Increase (decrease) in due to other funds	24,703
Increase (decrease) in accounts payable	(7,225)
Increase (decrease) in accrued expenses	(1,176)
Increase (decrease) in compensated absences	(10,942)
Increase (decrease) in customer deposits	5,069
Net cash provided (used) by operating activities	$ 367,450

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 fioancial 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, 2018, 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 2017 on August 3, 2017 at 6.570 mils. Property tax bills were mailed on August 24, 2017 and were due November 15, 2017. Penalties and interest are due on all accounts not paid by the due date. Fifa's on delinquent tax accounts could be filed on March 1, 2017. 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, 2018, the sixteen (16) employee/participants contributed $40,860 to the plan, and the employer matched with a contribution of $32,544.

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 2017: 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, 2018, all bank deposits were insured or fully collateralized.

NOTE 3. RECEIVABLES

The following is a summary of amounts due from others at June 30, 2018.

Governmental Activities:		
Property taxes receivable - net	$	9,681
Hotel/motel taxes receivable - net		139,437
Other taxes receivable - net		54,300
Fines receivable - net		51,150
Other charges for services - net		7,992
Due from other governments - SPLOST		97,145
Due from other governments - LOST		80,629
Total Governmental Receivables:	$	440,334

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, 2018. 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 $17,391 which was paid as a direct cost of long-term debt. In business-type activities, the City incurred $27,175 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, 2018.

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.

On January 31, 2017 the City entered into a capital lease to finance the acquisition of a fire truck for the fire department. The city negotiated a capital lease with BB&T as a rate of 2.52%, with 10 annual payments of $46,528.40 with a maturity date of January 31, 2027.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Land	$ 211,250
Buildings	470,139
Equipment	506,148
Less: Accumulated Depreciation	(220,786)
	$ 966,751

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:

Total of all capital leases:

Year	Principal	Interest	Total
2019	103,323	15,586	118,909
2020	95,715	2,211	97,926
2021	39,089	7,439	46,528
2022	40,074	6,454	46,528
2023	41,084	5,444	46,528
2024-2027	174,979	11,133	186,112
Totals	$ 494,264	$ 48,267	$ 542,531

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 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 is completed as of June 30, 2017. The loan in the amount of $309,041 is a 10 year note at 0.66% interest repaid by the City in monthly installments of $2,662 beginning on April 1, 2017.

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 is completed as of June 30, 2017. The loan for $281,000 is a 10 year note at 0.50% interest repaid by the City in monthly installments of $2,401 beginning on November 1, 2016.

The maturities and debt service requirements are as follows:

Year	Principal	Interest	Total
2019	112,978	25,072	138,050
2020	115,290	22,760	138,050
2021	117,631	20,419	138,050
2022	120,093	17,957	138,050
2023	122,603	15,447	138,050
2024-2028	486,158	38,774	524,932
2029-2033	108,122	7,600	115,722
Totals:	$ 1,182,875	$ 148,029	$ 1,330,904

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, 2018:

Changes in long-term debt:

	Balance as of June 30, 2017	Additions	Reductions	Balance as of June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 130,921	$ 24,570	$ -	$ 155,491	$ -
Lease Payable	197,983	406,802	(110,521)	494,264	103,323
Total governmental activities	$ 328,904	$ 431,372	$ (110,521)	$ 649,755	$ 103,323
Business-Type Activities:					
Compensated Absences	$ 21,078	$ -	$ (10,942)	$ 10,136	$ -
Intergovernmental Loans	1,298,898	-	(116,023)	1,182,875	112,978
Total business-type activities	$ 1,319,976	$ -	$ (126,965)	$ 1,193,011	$ 112,978

Compensated absences are composed of accumulated personal leave pay at June 30, 2018, 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	$	9,069
Fines		34,877
Total Deferred Inflows of Resources	$	43,946

The deferred inflows of resources are imposed non-exchange transactions 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 2017 was $69,804. 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, 2017 was $68,500.

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, 2018 the City funds the Alpine Helen/White County Convention and Visitors Bureau for the expenditure of this tax revenue and provides the CVB with 43.69% 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, 2018.

Tax Collections	$	1,260,525
Amount Provided to CVB	$	551,480
City Promotion Expenditures	$	709,045

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	Actual in Excess of Appropriations
General Fund			
General Government	$ 679,220	$ 672,908	$ (6,312)
Judicial	22,800	21,440	(1,360)
Public Safety	1,525,343	1,386,357	(138,986)
Public Works	576,597	544,586	(32,011)
Recreation & Culture	77,804	77,640	(164)
Housing & development	293,648	234,484	(59,164)
Transfers Out	321,400	227,956	(93,444)
Hotel/Motel Fund	1,278,500	1,278,132	(368)
Police Technology Fund	11,100	11,029	(71)
Grant Fund	500	455	(45)
Tree Fund	200	45	(155)
	$ 4,787,112	$ 4,455,032	$ (332,080)

The legal level of control for this government is at the departmental level, which is the basis for the Budgetary Comparison Schedule.

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	167,605	-	-	(167,605)	-
Total non-depreciable capital assets	1,879,093	-	-	(167,605)	1,711,488
Depreciable Assets:					
Building & Improvements	2,934,109	84,254	-	-	3,018,363
Machinery & Equipment	508,179	-	-	-	508,179
Vehicles	895,749	406,802	-	-	1,302,551
Infrastructure	7,100,164	702,435	-	167,605	7,970,204
Total depreciable capital assets	11,438,201	1,193,491	-	167,605	12,799,297
Accumulated Depreciation:					
Building & Improvements	1,504,539	84,017	-	-	1,588,556
Machinery & Equipment	329,896	46,104	-	-	376,000
Vehicles	695,232	68,124	-	-	763,356
Infrastructure	4,864,533	208,254	-	-	5,072,787
Total accumulated depreciation	7,394,200	406,499	-	-	7,800,699
Total depreciable capital assets, net	4,044,001	786,992	-	167,605	4,998,598
Governmental activities capital assets, net	$ 5,923,094	$ 786,992	$ -	$ -	$ 6,710,086

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land	$ 209,556	$ 16,301	$ -	$ -	$ 225,857
Construction in progress	214,620	52,727	56,859	(150,026)	60,462
Total non-depreciable capital assets	424,176	69,028	56,859	(150,026)	286,319
Depreciable Assets:					
Buildings and improvements	22,982	-	-	-	22,982
Machinery and equipment	990,996	-	-	-	990,996
Water sewer system	9,541,535	-	-	150,026	9,691,561
Total depreciable capital assets	10,555,513	-	-	150,026	10,705,539
Accumulated Depreciation:					
Buildings and improvements	21,042	314	-	-	21,356
Machinery and equipment	914,160	15,999	-	-	930,159
Water sewer system	3,760,817	339,865	-	-	4,100,682
Total accumulated depreciation	4,696,019	356,178	-	-	5,052,197
Total depreciable capital assets, net	5,859,494	(356,178)	-	150,026	5,653,342
Business-type activities capital assets, net	$ 6,283,670	$ (287,150)	$ 56,859	$ -	$ 5,939,661

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 57,211
Public Safety	92,198
Public Works	257,090
Total depreciation expense - governmental activities	$ 406,499
Business-type Activities:	
Water and Sewer	$ 356,178
Total depreciation expense - business-type activities	$ 356,178

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, 2018, the interfund balance were as follows:

	Due From: Water & Sewer Fund	Total
Due To:		
General Fund	$ 53,631	$ 53,631
	$ 53,631	$ 53,631

Advances Between Funds:

	Advance From: Water & Sewer Fund	Total
Advances To:		
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	Grant Fund	Total
General Fund	$ -	$ 709,046	$ -	$ -	$ 709,046
Other Capital Projects Fund	227,956	-	-	-	227,956
Water and Sewer Fund	-	-	59,542	455	59,997
	$ 227,956	$ 709,046	$ 59,542	$ 455	$ 996,999

NOTE 12. ALLOWANCE FOR UNCOLLECTABLE TAXES AND ACCOUNTS

The balance of taxes and accounts receivable at June 30, 2018, are net of the following allowances for doubtful accounts.

Governmental Activities:	
Property taxes receivable	$ 98
Fines receivable	21,669
Solid waste receivable	4,296
Total Governmental Allowance for Bad Debts:	$ 26,063
Business-type Activities:	
Water sewer fees receivable	$ 15,922
Total Business-type Allowance for Bad Debts:	$ 15,922

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, 2018, the City paid $585 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. GEFA LOAN DEBT COVENANTS

The terms and conditions of GEFA loan resolution have been examined for the fiscal year ending June 30, 2018. The City is in compliance with all covenants.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 8, 2019.

CITY OF HELEN, GEORGIA

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2018

	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	$ 461,000	$ 461,000	$ 539,699	$ -	$ 539,699	$ 78,699
Sales tax	760,000	760,000	865,343	-	865,343	105,343
Business tax	140,050	140,050	142,062	-	142,062	2,012
Franchise tax	130,000	130,000	128,352	-	128,352	(1,648)
Excise tax	189,000	189,000	220,183	-	220,183	31,183
Hotel/Motel tax	2,000	2,000	2,452	-	2,452	452
Intergovernmental	324,900	324,900	255,300	-	255,300	(69,600)
Licenses and permits	152,600	152,600	178,042	-	178,042	25,442
Fines and forfeitures	153,600	153,600	168,244	-	168,244	14,644
Charges for services	78,905	78,905	99,276	-	99,276	20,371
Investment earnings	1,500	1,500	2,415	-	2,415	915
Contributions and donations	10,000	10,000	17,477	-	17,477	7,477
Miscellaneous	43,000	157,206	182,778	-	182,778	25,572
Total Revenues	2,446,555	2,560,761	2,801,623	-	2,801,623	240,862
Expenditures						
Current Operating:						
General government	670,900	679,220	672,908	-	672,908	(6,312)
Judicial	22,800	22,800	21,440	-	21,440	(1,360)
Public safety	1,427,625	1,525,343	1,386,357	-	1,386,357	(138,986)
Public works	569,129	576,597	544,586	-	544,586	(32,011)
Recreation and culture	82,139	77,804	77,640	-	77,640	(164)
Housing and development	288,613	293,648	234,484	-	234,484	(59,164)
Debt service	127,899	127,899	127,912	-	127,912	13
Total Expenditures	3,189,105	3,303,311	3,065,327	-	3,065,327	(237,984)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(742,550)	(742,550)	(263,704)	-	(263,704)	478,846
Other Financing Sources (Uses)						
Transfers in	548,437	548,437	709,046	-	709,046	160,609
Transfers out	(321,400)	(321,400)	(227,956)	-	(227,956)	(93,444)
Insurance refunds and recoveries	-	-	12,302	-	12,302	12,302
Proceeds from the issuance of debt	406,900	406,900	406,802	-	406,802	(98)
Budgeted Fund Balance	108,613	108,613	-	-	-	(108,613)
Total Other Financing Sources (Uses)	742,550	742,550	900,194	-	900,194	(29,244)
Net Change in Fund Balances	$ -	$ -	636,490	$ -	636,490	$ 449,602
Fund Balance Beginning of Year			2,609,568		2,609,568	
Fund Balance End of Year			$ 3,246,058		$ 3,246,058	

CITY OF HELEN, GEORGIA

Budgetary Comparison Schedule

Hotel / Motel Fund

For the Year Ended June 30, 2018

	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	$ 975,000	$ 1,278,500	$ 1,278,132	$ -	$ 1,278,132	$ (368)
Total Revenues	975,000	1,278,500	1,278,132	-	1,278,132	(368)
Expenditures						
Current Operating:						
Recreation and culture	426,562	559,344	557,925	-	557,925	(1,419)
Total Expenditures	426,562	559,344	557,925	-	557,925	(1,419)
Excess (Deficiency) of Revenues Over (Under) Expenditures	548,438	719,156	720,207	-	720,207	1,051
Other Financing Sources (Uses)						
Transfers out	(548,438)	(719,156)	(709,046)	-	(709,046)	(10,110)
Total Other Financing Sources (Uses)	(548,438)	(719,156)	(709,046)	-	(709,046)	(10,110)
Net Change in Fund Balances	$ -	$ -	11,161	$ -	11,161	$ 11,161
Fund Balance Beginning of Year			67,272		67,272	
Fund Balance End of Year			$ 78,433		$ 78,433	

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, 2018, the following supplemental increases and decreases in appropriations were adopted:

Department	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund				
General Government	$ 670,900	$ 8,320	$ -	$ 679,220
Judicial	22,800	$ -		22,800
Public Safety	1,427,625	$ 97,718	-	1,525,343
Public Works	569,129	$ 7,468	-	576,597
Housing and Development	288,613	$ 5,035	-	293,648
Recreation & Culture	82,139	$ -	$ 3,799	78,340
Debt Service	127,899	-	-	127,899
Transfers Out	321,400	-	-	321,400
	$ 3,510,506	$ 118,541	$ 3,799	$ 3,625,247
Hotel/Motel Fund				
Recreation & Culture	$ 426,562	$ 132,782	$ -	$ 559,344
Transfers Out	548,438	$ 170,718	-	719,156
	$ 975,000	$ 303,500	$ -	$ 1,278,500

CITY OF HELEN, GEORGIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Grant Fund	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ -	$ 464	$ 23,382	$ 23,846
Total Assets	-	464	23,382	23,846
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ -	$ 464	$ 23,382	$ 23,846
Liabilities				
Total Liabilities				
Deferred Inflows of Resources	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Restricted for:				
Law Enforcement	-	-	23,382	23,382
Committed for:				
Tree fund memorial	-	464	-	464
Total Fund Balance	-	464	23,382	23,846
Total Liabilities, Deferred Inflows and Fund Balance	$ -	$ 464	$ 23,382	$ 23,846

CITY OF HELEN, GEORGIA

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Grant Fund	Tree Fund	Police Technology Fund	Total Nonmajor Governmental Funds
Revenues				
Fines and forfeitures	$ -	$ -	$ 11,729	$ 11,729
Contributions	-	180	-	180
Interest	110	-	-	110
Total Revenue	110	180	11,729	12,019
Expenditures				
Current:				
General government	-	45	-	45
Public safety	-	-	11,029	11,029
Total Expenditures	-	45	11,029	11,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	110	135	700	945
Other Financing Sources (Uses)				
Transfers out	(455)	-	-	(455)
Total Other Financing Sources (Uses)	(455)	-	-	(455)
Net Change in Fund Balances	(345)	135	700	490
Fund Balances Beginning of Year	345	329	22,682	23,356
Fund Balances End of Year	$ -	$ 464	$ 23,382	$ 23,846

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, 2018, 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 January 8, 2019.

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 (2018-1).

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.

770.534.8597 TEL | 770.534.9069 FAX | P.O. Box 385 Gainesville, Georgia 30503 www.wptcpa.com

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
January 8, 2019

770.534.8597 | 770.534.9069 FAX | P.O. Box 385 Gainesville, Georgia 30503 www.wptcpa.com

Findings – Financial Statement Audit

INTERNAL CONTROL

2018 -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 and with the intent of GASB. The City has chosen to outsource the creation of the Annual Financial Statements to our Auditors, experts in this area.

CITY OF HELEN, GEORGIA

Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2018

Project Description	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2014					
Water/Wastewater Improvements	$ 974,909	$ 974,909	$ 335,822	$ 59,542	$ 395,364
Roads, Streets, Bridges, and Sidewalk Projects	1,170,039	1,170,039	184,982	538,149	723,131
Acquisition and Capital Improvement of Public Building	225,017	225,017	143,630	-	143,630
Acquitision and Improvement of Computer and Communication Equipment	100,035	100,035	14,694	-	14,694
Total:	$ 2,470,000	$ 2,470,000	$ 679,128	$ 597,691	$ 1,276,819