

City of Elberton, Georgia

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2008

Prepared by:

Department of Finance

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Part I

Introductory Section



CITY OF ELBERTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2008

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Elberton
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Chloe S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF ELBERTON, GEORGIA

CITY OFFICIALS

June 30, 2008

MAYOR

Larry L. Guest

CITY COUNCIL

Troy Colquitt, Mayor Pro Tempore

Carey Butler

Bobby G. Hunt

Bob Paul

Joel Seymour

CITY MANAGER

Lanier W. Dunn, CPA

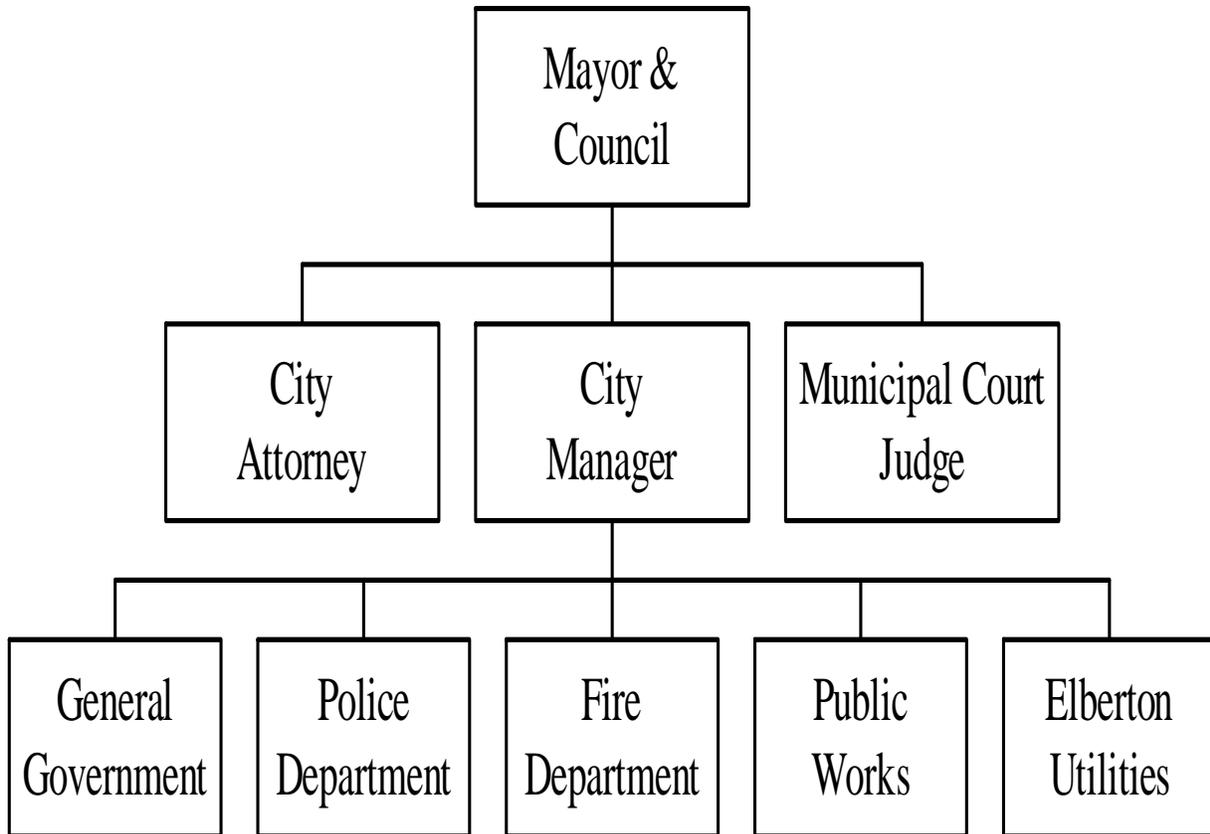
CITY ATTORNEY

R. Chris Phelps

MUNICIPAL COURT JUDGE

Robert A. Johnson

City of Elberton Organization Chart





CITY OF ELBERTON
P. O. Box 70
Elberton, Georgia 30635-0070
(706) 213-3100
www.cityofelberton.net

December 3, 2008

The Honorable Larry L. Guest, Mayor
Members of the City Council, and
Citizens of the City of Elberton

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Elberton, Georgia, for the fiscal year ended June 30, 2008, is submitted for review as mandated by both local ordinance and state statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations concerning the finances of the City, the City of Elberton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Elberton's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

In the Financial Section immediately after the independent auditor's report is a management's discussion and analysis which provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis begins on page 3. The Elberton Code of Ordinances and the Official Code of Georgia, annotated, require an annual audit of the books of account, financial records and transactions of all funds and activities of the City by independent certified public accountants selected by the Mayor and Council. This requirement has been met and the independent auditor's report has been included in the Financial Section of this report.

This report has been prepared with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), in accordance with generally accepted accounting principles and current financial reporting standards as set forth by the Governmental Accounting Standards Board (GASB).

PROFILE OF THE GOVERNMENT

The City of Elberton is located in the northeast part of the State of Georgia, within the boundaries of Elbert County. According to the 2000 U.S. Census, Elberton has a population of 4,743 while Elbert County has 20,511. Elberton is approximately 35 miles east of Athens, Georgia, and about 100 miles east of Atlanta. Elberton was chartered by the State of Georgia in 1803. The governing authority of the City is composed of a Mayor and five Council Members, who appoint a Manager to administer the daily operations of the City.

The City of Elberton provides a full range of governmental and utility services. These include general government administration, police and fire protection, sanitation and recycling services, animal control, streets and public works, cemetery services, parks and recreation, planning and zoning, and a municipal court system. Elberton Utilities, a department of the City of Elberton, provides electric, natural gas, water and wastewater services to customers in the City as well as a large portion of Elbert County. ElbertonNET Technology Services, a department of the City, provides telecommunications, cable television, and Internet services to customers in the City and parts of Elbert County.

The annual budget serves as the foundation for the City of Elberton's financial planning and control. All agencies of the City of Elberton are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review during the month of May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Elberton's fiscal year. The appropriated budget is prepared by fund, function, and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

This report includes all the funds of the City of Elberton. Following standards established by the Governmental Accounting Standards Board and others, the City of Elberton has reviewed the relationship between itself and other local agencies to determine the amount of control or dependency on the City. The procedures to determine the amount of control or dependency have been outlined in the notes in the Financial Section. As stated in the notes to the basic financial statements, the City of Elberton Housing Authority has not been included in the City's financial statements. The City has included the Downtown Development Authority in this financial report as a discretely presented component unit because that legally separate entity has a high level of financial dependency from the City, and the authority board members are appointed by the Mayor of the City and confirmed by a majority vote of the Council.

ECONOMIC CONDITION AND OUTLOOK

The City's economy continues to be based on the granite industry, which began operation in 1898. In 1951 the Elberton Granite Association, Inc., was formed to encourage cooperation between quarries and manufacturers. A total of 130 separate firms and quarries are operating businesses in granite production or its allied services in Elbert County. Approximately 1,800 persons are employed in the granite industry, with an annual payroll of \$57 million. Statistics indicate that Georgia's stone industry, centered in the Elberton Granite District, continues to lead the nation in total production.

The financial well being of Elberton is heavily dependent on a stable granite industry. However, the industry is composed primarily of small firms with thirty employees or less. This results in a more stable business climate in Elberton despite fluctuations in the state or national economy.

The City's purchase of and continuing investment in the Elberton Industrial Park underscores the City's commitment to economic growth in the area. The City works closely with, and continues to assist in funding, the Chamber of Commerce and the Development Authority of Elbert County, Elberton and Bowman to attract new industry to the community. Elberton Utilities and ElbertonNET will continue to work closely with local industry to provide needed infrastructure for expansion at local plants.

The Downtown Development Authority has operated the Mainstreet Elberton organization for about fifteen years. The City employs a full time director to manage the Mainstreet program and to work with businesses in the historic downtown area to plan and promote events that attract commerce to the downtown area. Mainstreet also recruits small businesses to occupy vacant commercial spaces in the area. Annually, Mainstreet Elberton is recognized as an "Accredited National Main Street Program" by the National Trust for Historic Preservation.

MAJOR EVENTS OR INITIATIVES

The City continued to provide daily services to 5,000 citizens in the City as well as over 6,100 utility accounts in the City and Elbert County. The impact the City has on this community is evident on a daily basis in the majority of homes, businesses, and organizations in the area. Following are highlights of major projects or events in fiscal year 2008.

The City of Elberton began receiving proceeds from the 2006 special purpose local option sales tax in fiscal year 2007. This special sales tax, approved by Elbert County voters, is budgeted to fund \$2.9 million of capital projects over the next five years in the City of Elberton. Several capital projects during fiscal year 2008 were funded by this sales tax including renovating a major storm drain pipe under Church Street next to the Granite Bowl. The pipe was replaced with a cured-in-place pipe liner. During the next fiscal year, the Elberton Police Department is scheduled to undergo a building renovation funded by the special sales tax.

Elberton public works constructed a new downtown parking lot off of James Street on property purchased using partial grant funding. This drastically improved the visibility of downtown from the four-lane state highway. All utilities were placed underground in the area which also helped to enhance the attractiveness of the area.

The divisions of Elberton Utilities initiated several projects in fiscal year 2008 that are part of long term renewal plans. The electric division began the conversion of a 4 kV circuit to 12.5 kV. Two phases, or about one-third of the total circuit, were completed in fiscal 2008, and the remaining conversion work will be done over the next two to three years. The natural gas division began replacing all existing PVC gas lines as mandated by the state Public Service Commission, and this project will continue in phases for several more years. The water/sewer division will work to replace several sections of sewer main, all funded by the special sales tax. One sewer main was completed in fiscal 2008, and work on a second main began prior to the end of the fiscal year.

ElbertonNET unveiled its digital phone, voice-over-IP service in fiscal year 2008, and the department also added high definition television (HDTV) to its programming lineup. Plans are being made to expand the system south of town to about 275 potential new customers.

AWARDS AND ACKNOWLEDGEMENTS

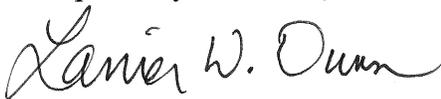
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elberton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007, for the fifth consecutive year. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

We would like to thank the Mayor and the members of the City Council for their interest and support in this report on the financial condition of the City. The Mayor and Council should also be acknowledged for their valuable contributions in the planning and conducting of the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,



Lanier W. Dunn, CPA
City Manager



Kevin Eavenson
Controller

Part II

Financial Section



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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Elberton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely present component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elberton, Georgia, management. Our responsibility is to express opinions on these financial statements based on our audit.

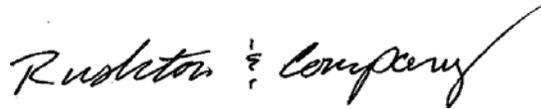
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2008, on our consideration of the City of Elberton, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Elberton, Georgia, basic financial statements. The combining and individual fund financial statements and schedules, and the special local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the special local option sales tax report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Rushton & Company". The signature is written in black ink and is positioned above a horizontal line.

Certified Public Accountants

Gainesville, Georgia
December 4, 2008



CITY OF ELBERTON
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Elberton provides this *Management's Discussion and Analysis* for readers of the City's financial statements for the fiscal year ended June 30, 2008. This narrative overview of the City's financial activities should be read in conjunction with the information presented in the letter of transmittal found at the front of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Elberton exceeded its liabilities at the close of the fiscal year by \$22.0 million (reported as "*net assets*"). Of this amount, \$4.3 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,390,502 as a result of this year's activities.
- The City's governmental funds report combined ending fund balances of \$1,166,774. Approximately 62 percent of this amount, \$726,931, is available for spending at the City's discretion (*unreserved fund balance*), within the purposes of the funds.
- The City's proprietary funds report net assets of \$17.8 million at the end of the fiscal year, an increase of \$1,000,220 as a result of the current year's operations.
- The City's liabilities totaled \$18.4 million on June 30, 2008. Most of these liabilities (83 percent or \$15.3 million) consist of revenue bonds, capital leases, or interest on those obligations to finance improvements or extensions of the City's utility systems.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Elberton's basic financial statements. The City of Elberton's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* include the *statement of net assets* and the *statement of activities*. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The City's *net assets*, which is the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the City's *financial position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the *overall health* of the City.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements divide the City into two kinds of activities:

- **Governmental activities:** most of the City's basic services are reported here, including police, fire, infrastructure maintenance, parks and recreation, cemetery, and general administration. Taxes, grants, and interfund transfers from the utility system finance most of these activities.
- **Business-type activities:** the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's utility and solid waste services are reported here.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City of Elberton uses three categories of funds: governmental funds, proprietary funds, and a fiduciary fund.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Governmental funds. Most of the City's basic *governmental activities* reported in the government-wide statements are accounted for in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between *governmental activities* (reported in the *statement of net assets* and the *statement of activities*) and *governmental funds* is described in a reconciliation following the fund financial statements. The City uses three governmental funds whose basic financial statements can be found on pages 17-22 of this report.

Proprietary funds. When the City charges customers for the full or partial cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net assets* and the *statement of activities* using the accrual basis of accounting. *Enterprise funds* are a type of proprietary fund used to account for functions reported as *business-type activities* in the government-wide statements. The City uses four enterprise funds to account for separate business-type activities, and the major funds are reported in the basic proprietary fund financial statements on pages 23-27 of this report.

Fiduciary fund. The City is a trustee, or fiduciary, for the municipal court agency fund. The City's fiduciary activity is reported in a separate Statement of Fiduciary Assets and Liabilities on page 28. This activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining financial statements for non-major funds referred to earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules (pages 18 and 20) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Elberton, assets exceeded liabilities by \$22,020,320 at the close of the most recent fiscal year.

City of Elberton
Net Assets as of June 30, 2008 and 2007
(in Thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 1,376	\$ 1,171	\$ 7,842	\$ 7,944	\$ 9,218	\$ 9,114
Net Capital Assets	3,774	3,638	27,453	27,548	31,227	31,186
Total Assets	5,150	4,809	35,295	35,492	40,445	40,301
Long-term Liabilities	452	468	13,444	14,791	13,896	15,259
Other Liabilities	430	463	4,099	3,949	4,529	4,412
Total Liabilities	882	931	17,543	18,740	18,425	19,671
Invested in Capital Assets, net of related debt	3,624	3,471	13,385	12,175	17,009	15,647
Restricted Net Assets	419	370	290	524	709	894
Unrestricted Net Assets	225	37	4,077	4,053	4,302	4,090
Total Net Assets	\$ 4,268	\$ 3,878	\$ 17,752	\$ 16,752	\$ 22,020	\$ 20,630

The largest portion of the City's net assets (77 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets totaling \$708,955 are constrained by legal requirements and are not available for day-to-day operations of the City. The remaining balance of *unrestricted net assets* (\$4,302,220) may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net assets from business-type activities was \$4,077,359 at the end of the fiscal year. The portion of unrestricted net assets resulting from the City's governmental activities was \$224,861 at the close of the fiscal year.

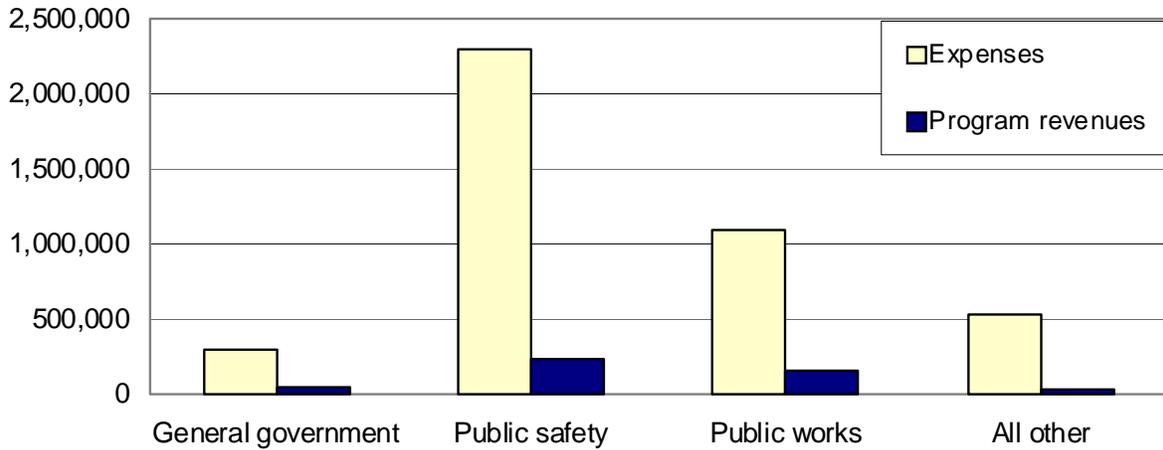
The City's net assets increased by \$1,390,502 during the current fiscal year. Governmental activities resulted in an increase in net assets of \$390,282, while business-type activities resulted in an increase of net assets of \$1,000,220. The following table was derived from the government-wide Statement of Activities and reflects how the City's net assets changed during the fiscal year.

City of Elberton
Changes in Net Assets for the Fiscal Years ended June 30, 2008 and 2007
(in Thousands)

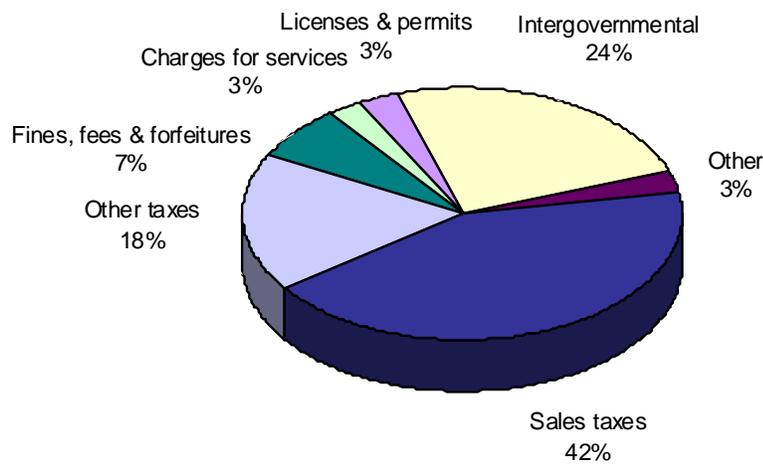
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 400	\$ 373	\$ 25,342	\$ 24,107	\$ 25,742	\$ 24,480
Operating Grants and Contributions	1	9	41	750	42	759
Capital Grants and Contributions	100	232	0	398	100	630
General Revenues:						
Taxes	2,069	1,941	0	0	2,069	1,941
Interest and Investment Earnings	52	79	133	124	185	204
Miscellaneous	64	26	246	18	310	44
Total Revenues	2,686	2,660	25,762	25,397	28,448	28,057
Expenses:						
General Government	303	351	0	0	303	351
Judicial	104	98	0	0	104	98
Public Safety	2,293	2,214	0	0	2,293	2,214
Public Works	1,093	1,048	0	0	1,093	1,048
Health and Welfare	6	9	0	0	6	9
Culture and Recreation	157	83	0	0	157	83
Housing and Development	263	286	0	0	263	286
Other	6	5	0	0	6	5
Combined Public Utilities	0	0	19,786	19,930	19,786	19,930
ElbertonNET Technology Services	0	0	2,297	1,859	2,297	1,859
Industrial Park	0	0	7	7	7	7
Solid Waste	0	0	742	728	742	728
Total Expenses	4,225	4,094	22,832	22,524	27,057	26,618
Increase (Dec) in Net Assets Before Transfers	(1,539)	(1,434)	2,930	2,873	1,391	1,439
Transfers	1,929	2,103	(1,929)	(2,103)	0	0
Change in Net Assets	390	669	1,000	771	1,390	1,439
Net Assets - July 1	3,878	3,048	16,752	15,981	20,630	19,030
Prior Period Adjustments	0	161	0	0	0	161
Net Assets - June 30	\$ 4,268	\$ 3,878	\$ 17,752	\$ 16,752	\$ 22,020	\$ 20,630

Governmental Activities. Governmental activities increased the net assets of the City by \$390,282. Revenues for the City’s governmental activities increased by 1.0 percent (\$26,597) over fiscal year 2007. Expenses for governmental activities increased by 3.2 percent (\$131,781) during fiscal year 2008.

Expenses and Program Revenues – Governmental Activities

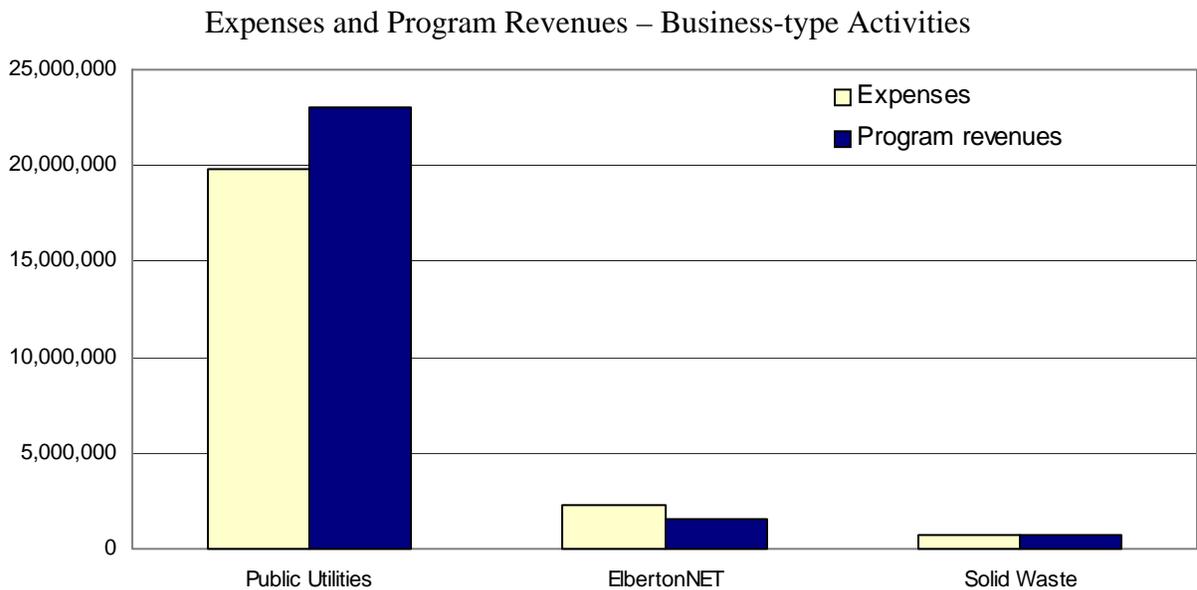


Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the City’s net assets by \$1,000,220. Key elements of this increase are as follows:

- Sales for business-type activities were \$25.3 million, an increase of 5.0 percent over the prior fiscal year sales of \$24.1 million.
- Sales in the combined public utility fund for electric, water, sewer, and natural gas services increased by \$993,989 or 4.5 percent over last fiscal year. Income before transfers to the general fund was \$3.6 million, or 6.7 percent higher than last year’s income of \$3.4 million.
- The ElbertonNET technology services enterprise fund experienced sales of \$1,559,186, an increase of 16.7 percent over the prior year sales of \$1,336,275.
- Solid waste operations increased sales by \$66,511, a 9.5 percent increase over last fiscal year.



FINANCIAL ANALYSIS OF THE GOVERNMENT’S INDIVIDUAL FUNDS

As noted earlier, the City of Elberton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

Governmental funds. The City uses governmental funds to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. The City of Elberton uses three governmental funds: the general fund, the 2006 special purpose local option sales tax (SPLOST) capital projects fund, and the hotel/motel tax special revenue fund.

At the end of the current fiscal year, the City’s general fund reported an ending fund balance of \$747,726, an increase of \$186,292 or 33 percent in comparison with the prior year. Approximately 41 percent of this amount (\$307,883) constitutes *unreserved fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for other restricted purposes.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents only 6.7 percent of total general fund expenditures for the current fiscal year.

As in previous fiscal years, the City of Elberton levied no property tax to finance current operations. Therefore, the City's general fund relied heavily on operating transfers from the proprietary funds (or business-type activities) to finance the governmental activities of the City such as public safety and public works. The operating transfer from the combined public utility enterprise fund was \$2,215,000, which is 3.7% or \$79,190 more than the transfer in fiscal year 2007.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The change in net assets in the proprietary funds is depicted in the following table. Factors concerning the performance of the proprietary funds have already been addressed in the discussion of the City of Elberton's business-type activities.

	Combined Public Utility System	ElbertonNET Tech Services	Solid Waste	Industrial Park	Total
Operating Revenues	\$ 23,079,463	\$ 1,559,186	\$ 763,927	0	\$ 25,402,576
Operating Expenses	19,259,740	2,077,967	740,340	7,047	22,085,094
Operating income (loss)	3,819,723	(518,781)	23,587	(7,047)	3,317,482
Non-operating income (loss)	(174,507)	(219,507)	6,108	0	(387,906)
Capital contributions	0	0	0	0	0
Transfers in (out)	(2,409,141)	479,785	0	0	(1,929,356)
Change in net assets	1,236,075	(258,503)	29,695	(7,047)	1,000,220
Net Assets, July 1	17,542,736	(1,737,934)	245,532	701,498	16,751,832
Net Assets, June 30	\$ 18,778,811	\$ (1,996,437)	\$ 275,227	\$ 694,451	\$ 17,752,052

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one budget amendment approved during the fiscal year to account for revenues and expenditures that were not planned in the original budget. Total appropriations increased by \$142,911 between the original budget and the final amended budget and are briefly summarized as follows:

- \$24,151 increase to expenditures for the general government function including Mayor and Council, Mainstreet Elberton, Code Enforcement, Planning and Zoning
- \$55,860 increase to expenditures for public safety in the Police Department
- \$62,900 increase to expenditures for public works divisions

General fund revenues ended the year at three percent, or \$77,107, below budget. However, expenditures in the general fund were \$194,531, or four percent, under budget for the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Elberton's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$31,605,650 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distribution systems for electricity, natural gas, water, sewer, and cable television services. This total also includes \$378,472 in intangible assets, primarily for the City's raw water storage rights at Lake Richard B. Russell. More detailed information about the city's capital assets is presented in the notes to the basic financial statements.

During the fiscal year, the City invested \$1,864,600 in new capital assets. Investment for business-type activities totaled \$544,207 while \$1,319,613 was for governmental activities. Major capital asset events during the current fiscal year included the following:

Governmental Activities - \$544,207 total

- \$48,678 to begin a complete renovation of the police department building
- \$45,780 to purchase two new patrol cars for the police department
- \$83,730 to construct a parking lot downtown on James Street
- \$73,917 to purchase land for the new James Street parking lot
- \$18,000 to replace the roof at the Elbert Theatre which was damaged by hail
- \$12,356 to renovate the front façade of the Elberton Arts Center
- \$16,568 to install the brick sidewalk streetscape on South Oliver Street in front of the Elbert County Courthouse
- \$12,000 to replace 60 feet of storm drainage pipe under Edwards Street
- \$233,178 to renovate a storm drainage pipe under Church Street next to the Granite Bowl with a cured-in-place pipe liner

Business-type Activities - \$1,319,613 total

- \$94,992 to replace PVC natural gas mains on Pine Hill Drive, Mercer Drive, and Porter Drive
- \$42,235 to purchase three pickup trucks for the meter reading division and the natural gas division
- \$14,150 to purchase mobile automated meter reading equipment
- \$12,754 to replace a sewer lift station pump at the Pulliam Street station

- \$54,397 to install a new emergency power generator at the Lake Russell raw water pumping station
- \$290,045 to replace a sewer main from Martin L. King, Jr. Blvd. to Industrial Boulevard, known as the Salvation Army line project
- \$28,200 to begin the project to replace a sewer main from College Avenue to Brookwood Circle
- \$111,167 to complete the electric conversion project phase I to convert the last remaining 4 kV circuit to 12.5 kV in the area of South Oliver Street to Mineral Springs Road
- \$56,670 to complete the electric conversion project phase II to convert the 4 kV circuit to 12.5 kV in the area of Chestnut Street, Laurel Drive, and Glendale Avenue
- \$11,810 to replace a double circuit junction pole on Elbert Street near the corner of N. McIntosh Street as part of the James Street underground services project
- \$84,411 to purchase a service bucket truck in the electric division
- \$140,773 to purchase a 55-foot bucket truck in the electric division
- \$35,549 to purchase wire pulling equipment for the electric division
- \$24,295 to purchase a new limb chipper in the solid waste department
- \$24,438 to purchase a new pickup truck for the recycling operation
- \$121,029 to purchase a new rear loader garbage truck for solid waste service
- \$159,049 to install headend equipment to offer HDTV and other services by ElbertonNET
- \$13,648 to install fiber optic connectivity and service by ElbertonNET to the water filter plant

Additional information on the City's capital assets can be found in Note 9 on pages 46-47 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,195,000. This entire amount was for the Series 2001 Combined Public Utility System Revenue Bonds secured solely by the specified revenue sources of the water and sewer, electric, and natural gas systems. There was no outstanding general obligation debt backed by the full faith and credit of the City.

In addition to revenue bonds, the City has entered into several capital lease-purchase agreements to finance the construction of a manufacturing facility in the industrial park, to finance the construction of a broadband and cable television distribution system, and to purchase vehicles. The balance of these leases at June 30, 2008 is \$4,931,513.

Moody's rated the City's combined utility system as A-3 in 2001 for revenue bonds. Other long-term obligations of the City include accrued vacation pay and contractual liability for the Elberton-Elbert County landfill post-closure care. More detailed information about the city's long-term liabilities is presented in the notes to the basic financial statements.

Additional information on the City's long-term debt can be found in Note 11 on pages 49-51 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Lack of economic growth in the area continues to affect the operations of the City. Stagnant population growth and slow real growth in utility sales are two key economic indicators that underscore the difficulty in maintaining the City's current level of service. The City has lost several key utility customers in the recent past.

The general fund rate structure will remain the same as in 2008 with only modest increases in revenues and expenditures budgeted, with the exception of certain capital grants and expenditures. The fee schedule for City services was reviewed, but few increases for governmental services were included in the fiscal year 2009 budget. The City of Elberton will receive sales tax revenue from the 2006 special purpose local option sales tax (SPLOST), and has budgeted \$700,000 for these revenues in the fiscal year 2009 budget.

The structure for utility rates will remain unchanged in the fiscal 2008 budget. Electric rates are not budgeted to increase during the fiscal year, and natural gas rates will fluctuate to reflect actual costs of purchased energy for resale. Water and sewer rates for consumption over 20,000 cubic feet per month were adjusted, but the rates for lower consumption levels remained unchanged. Cable television and Internet rates were unchanged in the fiscal 2009 budget. Residential solid waste rates and commercial solid waste rates will increase due to drastic increases in fuel and operating costs, and will also be adjusted for the increase of landfill disposal costs.

Other than the rate changes outlined above and certain capital grant revenues and expenditures that might be included, the overall policy of next year's budget will remain the same as this year. Property taxes will not be levied, and the general fund will operate on transfers from business-type operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Elberton's finances for all of its citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Manager, Post Office Box 70, 203 Elbert Street, Elberton, Georgia 30635-0070.

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BASIC FINANCIAL STATEMENTS

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 1,161,064	\$ 595,962	\$ 1,757,026	\$ 11,982
Certificates of deposit	0	520,962	520,962	0
Investments	0	1,206,918	1,206,918	0
Restricted assets				
Cash	50	675,773	675,823	0
Certificates of deposit	0	120,000	120,000	0
Investments	0	455,595	455,595	0
Interest receivable	0	4,064	4,064	0
Receivables (net)				
Accounts	12,773	2,418,094	2,430,867	701
Taxes	6,885	0	6,885	0
Intergovernmental	283,062	0	283,062	0
Interest	0	8,435	8,435	0
Prepaid items	130,295	0	130,295	239
Inventories	59,498	487,428	546,926	0
Internal balances	(277,302)	277,302	0	0
Other current assets	0	27,444	27,444	2,500
Lease receivable - current	0	355,562	355,562	0
Total current assets	<u>1,376,325</u>	<u>7,153,539</u>	<u>8,529,864</u>	<u>15,422</u>
Noncurrent assets				
Capital assets				
Non-depreciable	695,530	744,435	1,439,965	56,757
Depreciable (net)	3,078,907	26,708,306	29,787,213	117,485
Intangible assets	0	378,472	378,472	0
Other assets	0	309,991	309,991	0
Total noncurrent assets	<u>3,774,437</u>	<u>28,141,204</u>	<u>31,915,641</u>	<u>174,242</u>
Total assets	<u>5,150,762</u>	<u>35,294,743</u>	<u>40,445,505</u>	<u>189,664</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	86,414	1,414,622	1,501,036	1,245
Intergovernmental	0	8,684	8,684	0
Sales tax	0	82,399	82,399	0
Interest	0	9,981	9,981	0
Accrued salaries and expenses	89,750	50,529	140,279	0
Compensated absences	178,741	137,695	316,436	0
Unearned revenue	14,519	0	14,519	0
Other current liabilities	18,868	37,990	56,858	0
Notes payable	0	0	0	16,634
Capital lease payable	41,994	1,002,554	1,044,548	0
Liabilities payable from restricted assets				
Customer deposits payable	0	579,659	579,659	0
Interest payable	0	244,697	244,697	0
Bonds payable	0	530,000	530,000	0
Total current liabilities	<u>430,286</u>	<u>4,098,810</u>	<u>4,529,096</u>	<u>17,879</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Contractual liability	\$ 344,124	\$ 0	\$ 344,124	\$ 0
Notes payable	0	0	0	134,800
Capital lease payable	108,084	3,778,881	3,886,965	0
Bonds payable	0	9,665,000	9,665,000	0
Total noncurrent liabilities	<u>452,208</u>	<u>13,443,881</u>	<u>13,896,089</u>	<u>134,800</u>
Total liabilities	<u>882,494</u>	<u>17,542,691</u>	<u>18,425,185</u>	<u>152,679</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,624,359	13,384,786	17,009,145	22,808
Restricted for:				
Debt service	0	289,907	289,907	0
Culture and recreation	6,885	0	6,885	0
Capital outlay	412,163	0	412,163	0
Unrestricted	<u>224,861</u>	<u>4,077,359</u>	<u>4,302,220</u>	<u>14,177</u>
Total net assets	<u>\$ 4,268,268</u>	<u>\$ 17,752,052</u>	<u>\$ 22,020,320</u>	<u>\$ 36,985</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 302,999	\$ 57,784	\$ 0	\$ 0	\$ (245,215)
Judicial	103,965	0	0	0	(103,965)
Public Safety	2,293,427	242,567	15	0	(2,050,845)
Public Works	1,092,800	62,405	827	99,514	(930,054)
Health and Welfare	5,900	0	0	0	(5,900)
Culture and Recreation	157,287	0	0	0	(157,287)
Housing and Development	263,260	37,504	0	0	(225,756)
Interest on long-term debt	5,922	0	0	0	(5,922)
Total governmental activities	4,225,560	400,260	842	99,514	(3,724,944)
Business-type activities					
Combined Public Utilities					
Electric	12,768,800	14,505,101	0	0	1,736,301
Water and Sewer	2,822,735	2,881,331	41,324	0	99,920
Natural Gas	4,194,584	5,632,829	0	0	1,438,245
ElbertonNet Technology					
Services	2,297,474	1,559,185	0	0	(738,289)
Industrial Park	7,047	0	0	0	(7,047)
Solid Waste	741,801	763,511	0	0	21,710
Total business-type activities	22,832,441	25,341,957	41,324	0	2,550,840
Total primary government	27,058,001	25,742,217	42,166	99,514	(1,174,104)
Component Unit					
Downtown Development Authority					
	95,341	18,280	3,000	0	(74,061)
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net assets					
Net (expense) revenue	\$ (3,724,944)	\$ 2,550,840	\$ (1,174,104)	\$ (74,061)	
General revenues					
Taxes					
Sales	1,399,514	0	1,399,514	0	
Franchise	87,815	0	87,815	0	
Occupational	85,683	0	85,683	0	
Insurance premium	259,247	0	259,247	0	
Alcoholic beverage	158,789	0	158,789	0	
Hotel/Motel	69,510	0	69,510	0	
Other	8,847	0	8,847	0	
Interest and investment earnings	51,770	133,186	184,956	0	
Payments from City of Elberton	0	0	0	54,247	
Gain on sale of assets	26,355	15,916	42,271	0	
Miscellaneous	38,341	229,633	267,974	24,119	
Transfers	1,929,355	(1,929,355)	0	0	
Total general revenues and transfers	4,115,226	(1,550,620)	2,564,606	78,366	
Change in net assets	390,282	1,000,220	1,390,502	4,305	
Net assets - beginning	3,877,986	16,751,832	20,629,818	32,680	
Net assets - ending	\$ 4,268,268	\$ 17,752,052	\$ 22,020,320	\$ 36,985	

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash	\$ 863,501	\$ 297,563	\$ 1,161,064
Restricted assets			
Cash	50	0	50
Receivables (net)			
Accounts	12,773	0	12,773
Taxes	0	6,885	6,885
Intergovernmental	167,895	115,167	283,062
Prepaid items	130,295	0	130,295
Inventory, at cost	59,498	0	59,498
Due from other funds	60,991	0	60,991
Advances to other funds	250,000	0	250,000
	Total assets	Total assets	Total assets
	\$ 1,545,003	\$ 419,615	\$ 1,964,618
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 86,355	\$ 59	\$ 86,414
Accrued salaries and payroll liabilities	89,750	0	89,750
Deferred revenue	14,519	0	14,519
Due to other funds	587,785	508	588,293
Other liabilities	18,868	0	18,868
	Total liabilities	Total liabilities	Total liabilities
	797,277	567	797,844
 Fund balances			
Reserved for:			
Inventory	59,498	0	59,498
Prepaid items	130,295	0	130,295
Restricted assets	50	0	50
Advances to other funds	250,000	0	250,000
Unreserved, undesignated	307,883	0	307,883
Special Revenue Funds	0	6,885	6,885
Capital Projects Funds	0	412,163	412,163
	Total fund balances	Total fund balances	Total fund balances
	747,726	419,048	1,166,774
	Total liabilities and fund balances	Total liabilities and fund balances	Total liabilities and fund balances
	\$ 1,545,003	\$ 419,615	\$ 1,964,618

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2008

Total fund balance - total governmental funds	\$	1,166,774
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$7,172,301, net of accumulated depreciation of (\$3,397,864), are not financial resources and, therefore, are not reported in the funds.		3,774,437
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include contractual liabilities of (\$344,124), capital leases of (\$150,078), and compensated absences of (\$178,741)		<u>(672,943)</u>
Net assets of governmental activities	\$	<u><u>4,268,268</u></u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2008

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 1,306,032	\$ 69,510	\$ 1,375,542
Licenses and permits	94,654	0	94,654
Fines, fees and forfeitures	223,968	0	223,968
Charges for services	731,470	0	731,470
Intergovernmental	50,827	743,377	794,204
Interest	41,744	10,026	51,770
Other	38,357	0	38,357
Total revenues	<u>2,487,052</u>	<u>822,913</u>	<u>3,309,965</u>
EXPENDITURES			
Current			
General Government	717,350	0	717,350
Judicial	103,447	0	103,447
Public Safety	2,174,798	0	2,174,798
Public Works	1,233,033	0	1,233,033
Health and Welfare	5,900	0	5,900
Culture and Recreation	159,913	26,684	186,597
Housing and Development	234,047	0	234,047
Capital outlay	0	416,559	416,559
Total expenditures	<u>4,628,488</u>	<u>443,243</u>	<u>5,071,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,141,436)</u>	<u>379,670</u>	<u>(1,761,766)</u>
Other financing sources (uses)			
Transfers in	2,259,913	0	2,259,913
Transfers out	0	(330,558)	(330,558)
Sale of capital assets	26,355	0	26,355
Issuance of capital leases	41,460	0	41,460
Total other financing sources (uses)	<u>2,327,728</u>	<u>(330,558)</u>	<u>1,997,170</u>
Net change in fund balance	186,292	49,112	235,404
Fund balances, July 1	<u>561,434</u>	<u>369,936</u>	<u>931,370</u>
Fund balances, June 30	<u>\$ 747,726</u>	<u>\$ 419,048</u>	<u>\$ 1,166,774</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2008

Net change in fund balances - total governmental funds	\$	235,404
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$477,284 exceeded depreciation of (\$341,193) in the current period.		136,091
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of \$58,298 exceeded proceeds of (\$41,460).		16,838
Payments of contractual liabilities are an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statements of net assets.		11,950
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase of (\$10,001) in compensated absences.		<u>(10,001)</u>
Change in net assets of governmental activities	\$	<u><u>390,282</u></u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 1,219,000	\$ 1,279,000	\$ 1,306,032	\$ 27,032
Licenses and permits	105,500	105,500	94,654	(10,846)
Fines, fees and forfeitures	247,176	247,176	223,968	(23,208)
Charges for services	749,032	749,032	731,470	(17,562)
Intergovernmental	50,000	50,000	50,827	827
Interest	72,000	72,000	41,744	(30,256)
Other	20,000	61,451	38,357	(23,094)
Total revenues	2,462,708	2,564,159	2,487,052	(77,107)
EXPENDITURES				
Current				
General Government				
Mayor and Council	144,917	158,117	158,032	85
City Manager's Office	149,347	149,347	140,829	8,518
Finance	276,305	279,205	278,920	285
Human Resources	41,083	41,083	38,058	3,025
City Clerk	38,576	38,576	34,921	3,655
Elections	1,050	1,050	400	650
City Attorney	28,398	28,398	17,136	11,262
City Hall Maintenance	54,665	54,665	49,054	5,611
Judicial				
Municipal Court	109,235	109,235	103,447	5,788
Public Safety				
Police - Administration	326,924	356,384	354,248	2,136
Police - Uniform Division	775,053	784,553	786,362	(1,809)
Police - Criminal Investigations	114,487	123,787	124,110	(323)
Police - Community Relations	59,228	59,228	52,634	6,594
Police - Detention	40,000	40,000	39,607	393
Fire	793,082	793,082	774,346	18,736
Animal Control	35,849	43,449	43,491	(42)
Agency allocations	5,500	5,500	0	5,500
Public Works				
Administrative	124,624	136,775	129,484	7,291
Infrastructure Construction	175,382	209,382	164,273	45,109
Infrastructure Maintenance	336,467	336,467	287,263	49,204
Parks and Rights-of-Way	85,050	85,050	81,811	3,239
Motor Pool	336,054	336,054	329,485	6,569
Street Lighting	34,500	34,500	28,941	5,559
Street Sweeper	35,879	37,579	37,498	81
Cemetery	157,543	174,543	174,278	265
Health and Welfare				
Agency allocations	8,400	8,400	5,900	2,500
Culture and Recreation				
Elbert Theatre	96,746	96,746	95,663	1,083
Agency allocations	68,000	68,000	64,250	3,750
Housing and Development				
Zoning/Special Projects	101,972	102,572	102,781	(209)
Code Enforcement	74,957	79,957	80,019	(62)
Economic Development	50,835	51,335	51,247	88
Total expenditures	4,680,108	4,823,019	4,628,488	194,531

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
Excess (deficiency) of revenues over (under) expenditures	\$ (2,217,400)	\$ (2,258,860)	\$ (2,141,436)	\$ 117,424
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,244,000	2,244,000	2,259,913	15,913
Transfers out	0	0	0	0
Sales of capital assets	0	0	26,355	26,355
Issuance of capital leases	0	41,460	41,460	0
Contingency	(26,600)	(26,600)	0	26,600
Total other financing sources (uses)	2,217,400	2,258,860	2,327,728	68,868
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	186,292	186,292
Fund balances, July 1	0	0	561,434	561,434
Fund balances, June 30	\$ 0	\$ 0	\$ 747,726	\$ 747,726

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	<u>Combined Public Utilities</u>	<u>ElbertonNET Technology Services</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
ASSETS				
Current assets				
Cash	\$ 595,119	\$ 0	\$ 843	\$ 595,962
Certificates of deposit	520,962	0	0	520,962
Investments	1,206,918	0	0	1,206,918
Restricted assets				
Cash	675,773	0	0	675,773
Certificates of deposit	120,000	0	0	120,000
Investments	455,595	0	0	455,595
Interest receivable	4,064	0	0	4,064
Receivables (net)				
Accounts	2,157,044	196,179	64,871	2,418,094
Interest	8,435	0	0	8,435
Inventories	358,663	128,765	0	487,428
Due from other funds	549,570	0	43,767	593,337
Other current assets	27,444	0	0	27,444
Lease receivable - current	355,562	0	0	355,562
Total current assets	<u>7,035,149</u>	<u>324,944</u>	<u>109,481</u>	<u>7,469,574</u>
Noncurrent assets				
Capital assets				
Non-depreciable	275,235	4,800	464,400	744,435
Depreciable (net)	21,003,389	5,156,465	548,452	26,708,306
Other assets				
Bond issuance costs (net)	238,828	37,886	0	276,714
Intangible assets	378,472	0	0	378,472
Advances to other funds	3,038,364	0	0	3,038,364
Lease receivable, noncurrent	33,277	0	0	33,277
Total noncurrent assets	<u>24,967,565</u>	<u>5,199,151</u>	<u>1,012,852</u>	<u>31,179,568</u>
Total assets	<u>32,002,714</u>	<u>5,524,095</u>	<u>1,122,333</u>	<u>38,649,142</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,333,661	57,423	23,538	1,414,622
Intergovernmental	0	8,684	0	8,684
Sales tax	82,399	0	0	82,399
Interest	0	9,828	153	9,981
Accrued salaries	38,831	5,462	6,236	50,529
Compensated absences	114,158	12,357	11,180	137,695
Other current liabilities	35,635	2,355	0	37,990
Due to other funds	5,552	60,483	0	66,035
Capital leases payable	433,998	539,474	29,082	1,002,554
Liabilities payable from restricted assets:				
Customer deposits payable	579,659	0	0	579,659
Interest payable	244,697	0	0	244,697
Bonds payable	530,000	0	0	530,000
Total current liabilities	<u>3,398,590</u>	<u>696,066</u>	<u>70,189</u>	<u>4,164,845</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Total Proprietary Funds
Noncurrent liabilities				
Advances from other funds	\$ 0	\$ 3,288,364	\$ 0	\$ 3,288,364
Bonds payable	9,665,000	0	0	9,665,000
Capital lease payable	160,313	3,536,102	82,466	3,778,881
Total noncurrent liabilities	<u>9,825,313</u>	<u>6,824,466</u>	<u>82,466</u>	<u>16,732,245</u>
Total liabilities	<u>13,223,903</u>	<u>7,520,532</u>	<u>152,655</u>	<u>20,897,090</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,397,793	1,085,689	901,304	13,384,786
Restricted for restricted assets	289,907	0	0	289,907
Unrestricted	7,091,111	(3,082,126)	68,374	4,077,359
Total net assets	<u>\$ 18,778,811</u>	<u>\$ (1,996,437)</u>	<u>\$ 969,678</u>	<u>\$ 17,752,052</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES				
Charges for sales and services	\$ 23,019,261	\$ 1,559,185	\$ 763,927	\$ 25,342,373
Miscellaneous revenues	60,202	0	0	60,202
Total operating revenues	23,079,463	1,559,185	763,927	25,402,575
OPERATING EXPENSES				
Costs of sales and services	16,031,921	1,486,141	347,961	17,866,023
Personal services	2,073,645	305,833	341,754	2,721,232
Depreciation	1,010,002	274,620	55,688	1,340,310
Other	144,172	11,373	1,984	157,529
Total operating expenses	19,259,740	2,077,967	747,387	22,085,094
Operating income (loss)	3,819,723	(518,782)	16,540	3,317,481
Non-operating revenues (expenses)				
Intergovernmental	41,324	0	0	41,324
Interest revenue	133,159	0	27	133,186
Interest expense	(508,688)	(213,678)	(1,461)	(723,827)
Amortization	(17,691)	(5,829)	0	(23,520)
Gain (loss) on sales of capital assets	177,389	0	7,542	184,931
Total non-operating revenues (expenses)	(174,507)	(219,507)	6,108	(387,906)
Net income (loss) before transfers	3,645,216	(738,289)	22,648	2,929,575
Transfers in (out)				
Transfers in	285,645	479,786	0	765,431
Transfers out	(2,694,786)	0	0	(2,694,786)
Total transfers	(2,409,141)	479,786	0	(1,929,355)
Change in net assets	1,236,075	(258,503)	22,648	1,000,220
Net assets, July 1	17,542,736	(1,737,934)	947,030	16,751,832
Net assets, June 30	\$ 18,778,811	\$ (1,996,437)	\$ 969,678	\$ 17,752,052

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	Combined Public Utilities	ElbertonNET Technology Services	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 22,858,151	\$ 1,536,330	\$ 758,242	\$ 25,152,723
Payments to suppliers	(16,104,908)	(1,501,640)	(343,786)	(17,950,334)
Payments to employees	(2,061,474)	(303,908)	(341,472)	(2,706,854)
Other receipts	60,202	0	0	60,202
Other payments	(144,172)	(11,373)	(1,984)	(157,529)
Net cash provided (used) by operating activities	<u>4,607,799</u>	<u>(280,591)</u>	<u>71,000</u>	<u>4,398,208</u>
Cash flows from non-capital financing activities:				
Receipts from other governments	537,521	0	0	537,521
Receipts from other funds	291,197	1,166,703	0	1,457,900
Payments to other funds	(3,010,206)	0	(19,021)	(3,029,227)
Net cash provided (used) by non-capital financing activities	<u>(2,181,488)</u>	<u>1,166,703</u>	<u>(19,021)</u>	<u>(1,033,806)</u>
Cash flows from capital and related financing activities:				
Receipts from sale of assets	234,990	0	7,542	242,532
Interest paid	(518,833)	(214,911)	(1,308)	(735,052)
Acquisition of capital assets	(973,683)	(159,926)	(169,761)	(1,303,370)
Principal payments - bonds	(510,000)	0	0	(510,000)
Issuance of capital lease	84,411	0	121,029	205,440
Principal received on capital lease receivable	366,796	0	0	366,796
Principal payments - capital leases	(407,490)	(511,275)	(9,481)	(928,246)
Net cash provided (used) by capital and related financing activities	<u>(1,723,809)</u>	<u>(886,112)</u>	<u>(51,979)</u>	<u>(2,661,900)</u>
Cash flows from investing activities:				
Interest received	134,675	0	27	134,702
Proceeds from sale of investments	400,000	0	0	400,000
Purchase of investments	(704,986)	0	0	(704,986)
Net cash provided (used) by investing activities	<u>(170,311)</u>	<u>0</u>	<u>27</u>	<u>(170,284)</u>
Net increase (decrease) in cash and cash equivalents	532,191	0	27	532,218
Cash and cash equivalents, July 1	<u>738,701</u>	<u>0</u>	<u>816</u>	<u>739,517</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,270,892</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 843</u></u>	<u><u>\$ 1,271,735</u></u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	<u>Combined Public Utilities</u>	<u>ElbertonNET Technology Services</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,819,723	\$ (518,782)	\$ 23,587	\$ 3,324,528
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,010,002	274,620	48,641	1,333,263
(Increase) decrease in accounts receivable	(238,461)	(23,649)	(5,685)	(267,795)
(Increase) decrease in inventories	(46,129)	8,616	0	(37,513)
(Increase) decrease in other current assets	(919)	0	0	(919)
Increase (decrease) in accounts payable	(25,939)	(25,183)	4,175	(46,947)
Increase (decrease) in intergovernmental payable	0	1,068	0	1,068
Increase (decrease) in sales tax payable	(5,872)	0	0	(5,872)
Increase (decrease) in accrued liabilities	11,050	0	0	11,050
Increase (decrease) in accrued salaries	5,620	1,176	1,298	8,094
Increase (decrease) in compensated absences payable	6,551	749	(1,016)	6,284
Increase (decrease) in deposits payable	72,173	794	0	72,967
Total adjustments	<u>788,076</u>	<u>238,191</u>	<u>47,413</u>	<u>1,073,680</u>
Net cash provided (used) by operating activities	<u>\$ 4,607,799</u>	<u>\$ (280,591)</u>	<u>\$ 71,000</u>	<u>\$ 4,398,208</u>
Cash and cash equivalents reconciliation:				
Cash	\$ 595,119	\$ 0	\$ 843	\$ 595,962
Restricted assets				
Cash	<u>675,773</u>	<u>0</u>	<u>0</u>	<u>675,773</u>
Total cash and cash equivalents	<u>\$ 1,270,892</u>	<u>\$ 0</u>	<u>\$ 843</u>	<u>\$ 1,271,735</u>

See accompanying notes to the financial statements.

CITY OF ELBERTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2008

	<u>Municipal Court Agency Fund</u>
ASSETS	
Accounts receivable (net)	\$ <u>100,952</u>
LIABILITIES	
Due to other agencies	\$ <u>100,952</u>

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

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

1. Description of Government Unit

The City of Elberton was incorporated under the laws of the State of Georgia in 1803 and operates under an elected Mayor-Council form of government. The City provides a full range of governmental services, including public safety, highways and streets, public improvements, recreation, planning and zoning, and general administrative services, as well as electric, water and sewerage, natural gas, telecommunications, and sanitation services provided through enterprise funds.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the City of Elberton, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Elberton (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Elberton Downtown Development Authority

The Elberton Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Elberton. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, accounting, payroll, etc. The Authority is included in the reporting entity due to the nature and significance of its relationship with the City of Elberton.

The Elberton Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit" (See Exhibit H). The Elberton Downtown Development Authority has a December 31st year-end. Individual financial statements may be obtained by contacting the Elberton Downtown Development Authority, PO Box 70, Elberton, GA 30635.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The types of transaction reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The City reports the following major governmental fund:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Combined Public Utility System Enterprise Fund - This fund is used to account for activities connected with the development, operation, and maintenance of the City's Electric, Water and Sewer, and Natural Gas Systems pursuant to requirements of the revenue bond ordinance.

ElbertonNET Technology Services Enterprise Fund - This fund is used to account for the activities connected with the development, operation, and maintenance of the City's cable television and high-speed internet services. In prior years, the high-speed internet service was reported in the Combined Public Utility System Enterprise Fund as the Telecommunications system.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types

Agency Funds - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has the Municipal Court Agency Fund.

Component Units

The Elberton Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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 assets 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.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utilities functions and the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The City Council adopts an annual operating budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

In mid April each year, the departments submit their budget requests to the Finance Director. The Finance Department compiles a complete citywide budget and submits the proposed budget to the City Manager for review. Meetings are held between the City Manager, Finance Director, and department heads in May to review the proposed budget. City ordinance requires the City Manager to submit the proposed budget to the City Council forty days prior to the beginning of the next fiscal year. The proposed budget is made available to the public for review during this period. During June, the Mayor and Council conduct two public hearings to discuss the proposed budget and to obtain input from the citizens of the City of Elberton. These hearings are publicized in the local newspaper at least one week before each hearing. The final proposed budget is then adopted by the City Council on or before June 30 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. All operating budget transfers between departments must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end. The City does not use the encumbrance system of accounting.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

F. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

G. Property Taxes

Amounts received from the local option sales tax which are required to be used to roll back property taxes exceeded the City's normal tax levy resulting in no property tax levy during fiscal year 2008.

H. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

I. Inventories

Inventories for the General Fund are valued at average cost and recorded as expenditures when consumed. Inventories of the Combined Public Utility System Enterprise Fund are valued at cost on the first-in, first-out method.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

K. Capital Assets

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

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life	Capitalization
	in Years	Threshold
Utility distribution system	10 to 50	\$ 10,000 – 20,000
Land improvements	5 to 50	10,000
Buildings	30 to 50	10,000
Equipment	2 to 10	5,000
Vehicles	5 to 10	5,000
Infrastructure	10 to 50	10,000 – 30,000

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

L. Restricted Assets and Restricted Net Assets

Restricted assets of the Enterprise Funds represent unexpended money collected and receivables consisting of unexpended bond proceeds and extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Combined Public Utility System.

Restricted net assets are equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

M. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

2. Summary of Significant Accounting Policies (continued)

N. Long-Term Obligations, continued

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

P. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City investment policies require that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City's investment policies place no limits on the maximum maturity of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

3. Deposit and Investment Risk (continued)

Credit Risk

The City's investment policies authorize investment in the following securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, and pooled investment programs of the State of Georgia. The City's policies do not establish a minimum credit rating for investments. Investments are reported at fair value.

Concentration of Credit Risk

City's policies place no limits on the amount the may invest in any one issuer, but require that the investment portfolio be diversified.

Foreign Currency Risk

The City's investment policies do not allow for investments denominated in a foreign currency.

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. Georgia Fund 1 is managed by the Georgia Office of Treasury and Fiscal Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAAM by Standard & Poor's. The weighted average maturity at June 30, 2008 was 37 days. At June 30, 2008, the City's balance in Georgia Fund 1 was \$1,040,654.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

3. Deposit and Investment Risk (continued)

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Account fund in lieu of receiving a refund. This voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The MEAG Voluntary Flexible Operating Account is not rated; at June 30, 2008, the average weighted maturity of the fund was 1.3 months. At June 30, 2008, the City's balance in the Voluntary Flexible Operating Account was \$1,662,513.

4. Accounts Receivable

Net accounts receivable at June 30, 2008 consist of the following:

Major Funds		
General Fund	\$ 14,763	
Less: Allowance for Uncollectibles	<u>(1,990)</u>	\$ 12,773
Enterprise funds		
Combined Public Utility	2,519,734	
Less: Allowance for Uncollectibles	(362,690)	
ElbertonNET Technology Services	230,879	
Less: Allowance for Uncollectibles	<u>(34,700)</u>	2,353,223
Nonmajor Funds		
Solid Waste Enterprise Fund	73,661	
Less: Allowance for Uncollectibles	<u>(8,790)</u>	<u>64,871</u>
Total primary government		<u>\$ 2,430,867</u>
Fiduciary Funds		
Agency Funds		
Municipal Court	172,151	
Less: Allowance for Uncollectibles	<u>(71,199)</u>	<u>\$ 100,952</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2008 consist of the following:

Major Funds				
General Fund				
US Department of Agriculture	\$	50,000		
State of Georgia		117,141		
Elbert County		<u>754</u>	\$	167,895
Nonmajor Funds				
2006 SPLOST Fund				
Elbert County				<u>115,167</u>
Total Primary Government			\$	<u><u>283,062</u></u>

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2008 is as follows:

	Due from:				Total
	General	Major Funds		Nonmajor Funds	
		Combined Public Utilities	ElbertonNET Technology Services	Governmental	
Due to:					
Major Funds					
General	\$ 0	\$ 0	\$ 310,483	\$ 508	\$ 310,991
Combined Public Utilities	549,570	0	3,038,364	0	3,587,934
Nonmajor Funds					
Enterprise	<u>38,215</u>	<u>5,552</u>	<u>0</u>	<u>0</u>	<u>43,767</u>
	<u>\$ 587,785</u>	<u>\$ 5,552</u>	<u>\$ 3,348,847</u>	<u>\$ 508</u>	<u>\$ 3,942,692</u>

The balance reported as Due to/Due from represent loans between the borrower fund and the lender fund. The balance between the General Fund and the ElbertonNET Technology Services Fund resulted from transactions to fund current operations. \$60,483 is reported as a Due from other fund in the General Fund and a due to other fund in the ElbertonNET Technology Services Fund and is expected to be repaid within one year; \$250,000 is reported as an advance to other fund in the General Fund and an advance from other fund in the ElbertonNET Technology Services Fund and is not expected to be repaid within one year.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

6. Interfund Receivables, Payables, and Transfers (continued)

The balance between the Combined Public Utility System Fund and the ElbertonNet Technology Services Fund resulted from transactions to fund current operations and is reported as an advance to other fund in the Combined Utilities Fund and an advance from other fund in the ElbertonNet Technology Services Fund and it is not expected to be repaid within one year. All other balances are expected to be repaid within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

A summary of interfund transfers is as follows:

	Transfer from:		
	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
Transfer to:	<u>Combined</u>	<u>Governmental</u>	<u>Total</u>
Major Funds	<u>Public</u>		
	<u>Utilities</u>		
General	\$ 2,215,000	\$ 44,913	\$ 2,259,913
Combined Public Utilities	0	285,645	285,645
ElbertonNET Technology Services Fund	479,786	0	479,786
	<u>\$ 2,694,786</u>	<u>\$ 330,558</u>	<u>\$ 3,025,344</u>

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Combined Public Utilities Enterprise Fund includes \$40,024, \$29,169, and \$425,881 of intradepartmental billings for water and sewer, natural gas, and electric usage, respectively. Total operating revenues and total operating expenses in the ElbertonNET Technology Services Enterprise Fund include \$40,081 of intradepartmental billings for cable television and high-speed internet usage.

8. Lease Receivable

A lease receivable has been recorded to account for a sublease arrangement entered into in order to facilitate the construction of a new manufacturing facility for Eaves Foods, Inc., in the Elberton Industrial Park. The Municipal Electric Authority of Georgia (MEAG) advanced the funds for construction and holds title to the property until the related capital lease obligation is paid in full. The City is obligated to MEAG under a capital lease, and Eaves Foods, Inc., is obligated to the City under an identical capital lease. Timing of payments can lead to differences in the balance of lease receivable and lease payable. The outstanding balance of the lease receivable from Eaves Foods, Inc., was \$388,839 at June 30, 2008, with \$355,562 receivable within 12 months of year-end. The City recognizes neither interest income nor interest expense for the lease receivable and the related lease payable.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Governmental activities				
Non-depreciable assets				
Land	\$489,205	\$73,917	\$0	\$563,122
Construction in progress	66,923	132,408	66,923	132,408
Total non-depreciable assets	<u>556,128</u>	<u>206,325</u>	<u>66,923</u>	<u>695,530</u>
Depreciable assets				
Buildings	1,063,692	30,356	0	1,094,048
Land improvements	1,069,409	0	0	1,069,409
Vehicles and equipment	2,673,720	45,782	141,556	2,577,946
Infrastructure	1,473,627	261,744	0	1,735,371
Total depreciable assets	<u>6,280,448</u>	<u>337,882</u>	<u>141,556</u>	<u>6,476,774</u>
Accumulated depreciation				
Buildings	(632,638)	(32,131)	0	(664,769)
Land improvements	(564,638)	(31,997)	0	(596,635)
Vehicles and equipment	(1,480,825)	(226,173)	(141,556)	(1,565,442)
Infrastructure	(520,129)	(50,892)	0	(571,021)
Total accumulated depreciation	<u>(3,198,230)</u>	<u>(341,193)</u>	<u>(141,556)</u>	<u>(3,397,867)</u>
Total depreciable assets, net	<u>3,082,218</u>	<u>(3,311)</u>	<u>0</u>	<u>3,078,907</u>
Governmental activities capital assets, net	<u>\$3,638,346</u>	<u>\$203,014</u>	<u>\$66,923</u>	<u>\$3,774,437</u>
Business-type activities				
Non-depreciable assets				
Land	\$716,235	\$0	\$0	\$716,235
Construction in progress	39,892	28,200	39,892	28,200
Intangible assets	377,692	780	0	378,472
Total non-depreciable assets	<u>1,133,819</u>	<u>28,980</u>	<u>39,892</u>	<u>1,122,907</u>
Depreciable assets				
Buildings	1,282,693	0	0	1,282,693
Land improvements	370,408	0	0	370,408
Distribution system	39,410,034	804,533	278,800	39,935,767
Vehicles and equipment	2,403,378	486,880	272,428	2,617,830
Total depreciable assets	<u>43,466,513</u>	<u>1,291,413</u>	<u>551,228</u>	<u>44,206,698</u>
Accumulated depreciation				
Buildings	(552,585)	(40,254)	0	(592,839)
Land improvements	(91,872)	(9,237)	0	(101,109)
Distribution system	(14,210,431)	(1,075,868)	(244,067)	(15,042,232)
Vehicles and equipment	(1,819,689)	(214,951)	(272,428)	(1,762,212)
Total accumulated depreciation	<u>(16,674,577)</u>	<u>(1,340,310)</u>	<u>(516,495)</u>	<u>(17,498,392)</u>
Total depreciable assets, net	<u>26,791,936</u>	<u>(48,897)</u>	<u>34,733</u>	<u>26,708,306</u>
Business-type activities capital assets, net	<u>\$27,925,755</u>	<u>(\$19,917)</u>	<u>\$74,625</u>	<u>\$27,831,213</u>

Information for intangible assets has been included in the tables above, which has restated prior year balances.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

9. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the fiscal year ended June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Construction in progress	8,325	8,432	0	16,757
	<u>48,325</u>	<u>8,432</u>	<u>0</u>	<u>56,757</u>
Depreciable assets				
Buildings	170,776	0	0	170,776
Less accumulated depreciation				
Buildings	<u>(41,886)</u>	<u>(11,405)</u>	<u>0</u>	<u>(53,291)</u>
Total depreciable assets, net	<u>128,890</u>	<u>(11,405)</u>	<u>0</u>	<u>117,485</u>
Downtown Development Authority Component Unit capital assets, net	<u>\$ 177,215</u>	<u>\$ (2,973)</u>	<u>\$ 0</u>	<u>\$ 174,242</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 17,219
Judicial	197
Public Safety	137,807
Public Works	129,668
Culture and Recreation	32,182
Housing and Development	24,120
	<u>341,193</u>

Total depreciation expense for governmental activities \$ 341,193

Business-type activities

Combined Public Utilities	
Electric Department	\$ 213,999
Water and Sewer Department	719,605
Natural Gas Department	76,398
ElbertonNET Technology Services	274,620
Solid Waste	48,641
Industrial Park	7,047
	<u>1,340,310</u>

Total depreciation expense for business-type activities \$ 1,340,310

Downtown Development Authority Component Unit \$ 11,405

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

10. Capital and Operating Leases Agreements

The City has entered into lease-purchase agreements to finance the purchase of equipment, to help finance the construction of a manufacturing facility in the industrial park (See Note 8), and to finance the construction of broadband and cable television distribution systems in Elberton. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2008 are \$150,078 and \$4,781,436 for the governmental activities and business-type activities, respectively.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2008:

Year Ending June 30,	Governmental Activities	Business-type Activities
2009	\$ 47,098	\$ 1,213,664
2010	47,098	845,831
2011	47,098	809,623
2012	19,202	774,567
2013	0	729,355
2014-2015	0	1,138,361
Total minimum lease payments	160,496	5,511,401
Less amounts representing interest	10,418	729,966
Present value of minimum lease payments	<u>\$ 150,078</u>	<u>\$ 4,781,435</u>

Total assets leased under capital leases are \$201,349 and \$8,812,339 for governmental and business-type activities, respectively, and are classified as follows:

	Governmental Activities	Business-type Activities
Buildings and improvements	\$ 0	\$ 516,015
Distribution system	0	7,093,932
Machinery and equipment	201,349	1,202,392
Total assets under capital leases	<u>\$ 201,349</u>	<u>\$ 8,812,339</u>

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

11. Long-Term Debt

Revenue Bonds

Revenue bonds issued for business-type activities are comprised of the following individual issues at June 30, 2008:

\$13,000,000 2001 Combined Utility System Revenue series bonds due in annual installments of \$510,000 to \$985,000 through January 1, 2022; interest at 4.000% to 5.50% (\$10,195,000 outstanding), for expansion of the City's water and sewerage system and retirement of previously issued debt.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 530,000	\$ 489,066	\$ 1,019,066
2010	555,000	467,805	1,022,805
2011	575,000	445,090	1,020,090
2012	605,000	420,709	1,025,709
2013	630,000	394,507	1,024,507
2014-2018	3,645,000	1,508,511	5,153,511
2019-2022	3,655,000	483,794	4,138,794
Totals	\$ 10,195,000	\$ 4,209,482	\$ 14,404,482

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

11. Long-Term Debt (continued)

Notes Payable

The Elberton Downtown Development Authority has entered into a lending agreement with Pinnacle Bank for the purchase of real property in the original amount of \$81,631. At June 30, 2008, the balance of this note is \$69,224. Monthly installments of \$750 principal and interest are due through June 14, 2011, with unpaid principal and interest due July 14, 2011. Interest is variable at the Wall Street Journal Prime Rate; the interest rate at June 30, 2008 was 6.00%.

The Elberton Downtown Development Authority has also entered into a lending agreement with the Georgia City Foundation, Inc., for the purchase of real property and improvements in the original amount of \$90,000. At June 30, 2008, the balance of this note is \$73,778. Monthly installments of \$622 principal and interest are due through June 1, 2020; interest at 3.00%.

The Elberton Downtown Development Authority has also entered into a lending agreement with Pinnacle Bank for improvements to the William O. Jones Building. The total amount available for this lending agreement is \$193,903. At June 30, 2008, the balance of this note is \$8,432. Unpaid principal and interest are due on June 30, 2009; interest at 3.45%

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 16,634	\$ 7,635	\$ 24,269
2010	9,084	7,374	16,458
2011	9,560	6,899	16,459
2012	64,203	2,050	66,253
2013	5,995	1,463	7,458
2014-2018	32,822	4,469	37,291
2019-2020	13,136	339	13,475
Totals	\$ 151,434	\$ 30,229	\$ 181,663

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

11. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2008:

	<u>Balance 6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2008</u>	<u>Due Within One Year</u>
Governmental Activities					
Contractual liability	\$ 356,074	\$ 0	\$ 11,950	\$ 344,124	\$ 0
Capital lease obligations	166,916	41,460	58,298	150,078	41,994
Compensated absences	168,740	178,741	168,740	178,741	178,741
Total Government Activities	<u>\$ 691,730</u>	<u>\$ 220,201</u>	<u>\$ 238,988</u>	<u>\$ 672,943</u>	<u>\$ 220,735</u>
Business-type Activities					
Revenue Bonds	\$ 10,705,000	\$ 0	\$ 510,000	\$ 10,195,000	\$ 530,000
Capital lease obligations	5,504,241	205,440	928,246	4,781,435	1,002,554
Compensated absences	131,411	137,695	131,411	137,695	137,695
Total Business-type Activities	<u>\$ 16,340,652</u>	<u>\$ 343,135</u>	<u>\$ 1,569,657</u>	<u>\$ 15,114,130</u>	<u>\$ 1,670,249</u>
Downtown Development Authority Component Unit					
Notes payable	<u>\$ 152,628</u>	<u>\$ 8,432</u>	<u>\$ 9,626</u>	<u>\$ 151,434</u>	<u>\$ 16,634</u>

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund.

12. Landfill Closure and Post-Closure Care Costs

At June 30, 1995, the City owned and operated a landfill site located on approximately 200 acres of land north of Elberton. The landfill had been operated at the site since 1990. State and federal laws and regulations require the operator to close the landfill once its capacity is reached and to monitor and maintain the site for thirty subsequent years. The City recognized a portion of the closure and post closure care costs in each operating period even though actual payouts would not occur until the landfill was closed. The amount recognized each year was based on the landfill capacity used as of the balance sheet date.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

12. Landfill Closure and Post-Closure Care Costs (continued)

Effective July 1, 1995, Elbert County, Georgia, became the owner and operator of the sanitary landfill. All assets of the landfill and related capital leases were transferred to the County as of that date.

The agreement with Elbert County calls for the City and the County to each assume one-half of the closure and post closure care costs of the landfill cells (cells 1 - 8) existing on July 1, 1995, for future years. The County is now responsible for calculating the closure and post closure care liability in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs*. As of June 30, 2008, the estimated closure and post closure cost was approximately \$1,236,875 for cells 1 - 8. This estimate is based upon the landfill being filled to 100% of its total capacity. The City has recorded a contractual obligation to Elbert County of \$344,124. The obligation will be adjusted annually based upon current data and engineering studies. The landfill is closed and has no estimated remaining life. This liability is reported as a non-current contractual liability in the Governmental Activities on the Statement of Net Assets.

13. Reserved/Restricted Equity Balances

General Fund

Reserved for inventory - An amount of \$59,498 has been reserved for inventory since this amount is not legally available for appropriation.

Reserved for restricted assets - An amount of \$50 has been reserved for restricted assets since this amount is not legally available for appropriation.

Reserved for prepaid items - An amount of \$130,295 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for advances to other funds - An amount of \$250,000 has been reserved for advances to other funds since this amount is not legally available for appropriation.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

13. Reserved/Restricted Equity Balances (continued)

Enterprise Funds

Restricted for restricted assets – An amount of \$289,907 has been restricted in the Combined Public Utilities Fund for restricted assets since this amount is not legally available for appropriation.

Downtown Development Authority Component Unit

Reserved for prepaid items - An amount of \$239 has been reserved for prepaid items since this amount is not legally available for appropriation.

14. Deficit Equity Balances

At June 30, 2008, the ElbertonNET Technology Services Enterprise Fund had negative unrestricted net assets of \$3,082,126. This is primarily due to the start-up nature of the fund's operations. The City plans to liquidate the deficit fund equity through future revenue recognition as its operations become profitable.

15. Risk Management and Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. As of May 1, 2003, the City has elected to manage its risk financing activities through the purchase of commercial insurance.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

The City established a limited self-insurance program for workers' compensation effective July 1, 1993. Under the program, the City utilizes a third party administrator to process and pay claims and maintains excess insurance coverage for workers' compensation for specific stop loss coverage for a claim exceeding \$250,000.

The administrative costs of the programs were recorded in the General and Proprietary Funds. Such costs were not material. In addition, claims and benefits paid have been recorded as expenditures/expenses in the respective funds.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

15. Risk Management and Self-Insurance (continued)

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following is a summary of estimated unpaid claims and liabilities under the self-insured plans for 2008:

	General Fund	Proprietary Funds
Unpaid claims at June 30, 2006	\$ 0	\$ 0
Claims incurred including adjustments to prior year estimates	42,845	16,048
Payments made on claims	<u>(42,845)</u>	<u>(16,048)</u>
Unpaid claims at June 30, 2007	0	0
Claims incurred including adjustments to prior year estimates	33,773	9,311
Payments made on claims	<u>(33,773)</u>	<u>(9,311)</u>
Unpaid claims at June 30, 2008	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The result of the process to estimate claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

16. Pension Plan

The City contributes and participates in an agent multiple-employer plan. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

16. Pension Plan (continued)

Plan Description and Contribution Information

The City contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. All full-time City employees are eligible to participate in GMEBSRF. The normal retirement date of full-time City employees is attainment of age 65 with 5 years of credited service or the attainment of age 62 with 30 years of credited service, whichever is earlier. City employees may elect early retirement on the first day of any month prior to his/her normal retirement date if he/she has attained age 55 and has a minimum of 10 years credited service. Upon retirement, the participant is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 to 1.75 percent of his/her average monthly earnings as defined in the plan for each year of credited service. The system also provides death and disability benefits. Employees vest in the plan after 10 years of full-time service with the City. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	75
Terminated vested participants entitled to but not yet receiving benefits	32
Active participants	125
Total number of participants	<hr style="border: none; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: none; border-top: 3px double black; margin-top: 2px;"/> 232

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 9.6% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2008. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	8.0%
Projected salary increases:	
Inflation	5.0%
Merit or seniority	0.5%
Post-retirement benefit increases	5.0%
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by using the prior year's actuarial value, plus current year activity, plus 10% of investment gains (losses) during the 10 prior years. The unfunded actuarially accrued liability is being amortized as a level dollar amount on a closed basis over a thirty-year period from 1982. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The City's annual pension cost and net pension obligations for the current year were as follows:

Annual pension cost	\$ 348,045
Contributions made	<u>348,045</u>
Increase (decrease) in net pension obligation	0
Net pension obligation - beginning of year	<u>0</u>
Net pension obligation - end of year	<u><u>\$ 0</u></u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented.

Schedule of Employer Contributions			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1/1/2003	\$ 125,005	100%	0
1/1/2004	225,836	100%	0
1/1/2005	258,742	100%	0
1/1/2006	270,413	100%	0
1/1/2007	304,473	100%	0
1/1/2008	348,045	100%	0

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

16. Pension Plan (continued)

Historical Trend Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2003	\$ 11,649,400	\$ 10,608,996	\$ (1,040,404)	109.81%	\$ 3,330,455	-31%
1/1/2004	12,111,040	11,251,081	(859,959)	107.64%	3,323,553	-26%
1/1/2005	12,626,062	11,444,384	(1,181,678)	110.33%	3,462,320	-34%
1/1/2006	13,195,885	11,957,607	(1,238,278)	110.36%	3,166,030	-39%
1/1/2007	13,897,632	12,420,484	(1,477,148)	111.89%	3,532,025	-42%
1/1/2008	14,756,020	13,322,164	(1,433,856)	110.76%	3,794,510	-38%

** Payroll of participants whose attained age is less than the assumed retirement age

17. Deferred Compensation Plan

The City also provides retirement benefits for its employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Georgia Municipal Association (GMA), an independent third party. The City began participation in the plan during fiscal year 2004. All employees who work at least 30 hours per week are eligible to participate in the Plan. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. After completing 30 days of service, the City will contribute 100% of the employee's contributions per year.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

17. Deferred Compensation Plan (continued)

There is a cap of 2% of total compensation per eligible employee for City contributions. Employee contributions are vested 100% at the time of contribution. Employer contributions are vested after 5 years of service. Amounts held in the Plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the year, the City contributed \$79,415 to the plan based on covered salaries of \$2,671,576. Plan members made voluntary contributions of \$117,829 to the plan. Total payroll was \$4,190,801.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

18. Post Employment Health Care Benefits

The City does not provide post-employment benefits other than pensions and those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the 10th day of the month for the actual month covered. This program is offered for the duration of 18 months after the employee's termination date. There is no associated cost to the City under this program.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

19. Hotel/Motel Lodging Tax

The City has levied a 6% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3.7). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. A summary of the transactions for the year ending June 30, 2008, follows:

Lodging tax receipts	\$ 69,510
Disbursements to Chamber of Commerce, for Elbert Theatre, and for other tourism and visitor programs	\$ 71,597 103% of tax receipts

20. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Development Center and is required to pay annual dues thereto. During fiscal year 2008, the city paid \$4,733 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official in 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 an RDC. A copy of the GMRDC financial statements can be obtained from the Northeast Georgia Regional Development Center, 305 Research Drive, Athens, Georgia 30605.

The City of Elberton participates with various other cities and counties in the Northern Piedmont Multi-Agency Narcotics Squad (MANS) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has an ongoing financial responsibility of funding for this unit. This funding is determined each year from a budget of grant monies and individual municipalities participation. The MANS unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. The financial records of the MANS unit are maintained by Franklin County, Georgia, and reported in their audit report. During fiscal year 2008, the City contributed \$13,982 in cash financing. A copy of the MANS unit financial statements can be obtained from Franklin County, Georgia, 141 Athens Street, Carnesville, Georgia 30521.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

21. Related Organizations

The City of Elberton Housing Authority is considered a related organization to the City of Elberton. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Elberton. The City received \$6,117 as payment for services provided during fiscal year 2008.

22. Commitments and Contingencies

Commitments

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations, which extend through the year 2020, are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$9,730,802 from MEAG during the fiscal year ended June 30, 2008. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

The Trust created three types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of June 30, 2008, the balance in this account was \$1,662,513. This amount is included in restricted investments in the Combined Public Utilities Fund.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

22. Commitments and Contingencies (continued)

Commitments, continued

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at June 30, 2008, were \$2,813,639 and \$5,584,393, respectively. Due to the restricted nature of these funds, neither is shown in the Combined Public Utilities Fund.

The City has active construction projects as of June 30, 2008. The projects include renovations of the Police Department building and expansion of the water and sewer distribution system. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Renovation of the Police Department building	\$ 48,678	\$ 227,000
Expansion of the water and sewer distribution system	28,200	11,650
Total	<u>\$ 76,878</u>	<u>\$ 238,650</u>

Contingencies

The City's legal counsel has stated that there are presently no determinable lawsuits.

Supplementary Information



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COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

CITY OF ELBERTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Hotel/Motel Tax Special Revenue Fund	2006 SPLOST Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 0	\$ 297,563	\$ 297,563
Receivables			
Taxes	6,885	0	6,885
Intergovernmental	0	115,167	115,167
Total assets	\$ 6,885	\$ 412,730	\$ 419,615
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 0	\$ 59	\$ 59
Due to other funds	0	508	508
Total liabilities	0	567	567
Fund balances			
Unreserved	6,885	412,163	419,048
Total liabilities and fund balances	\$ 6,885	\$ 412,730	\$ 419,615

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2008

	Hotel/Motel Tax Special Revenue Fund	2006 SPLOST Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 69,510	\$ 0	\$ 69,510
Intergovernmental	0	743,377	743,377
Interest	0	10,026	10,026
Total revenues	<u>69,510</u>	<u>753,403</u>	<u>822,913</u>
EXPENDITURES			
Current			
Culture and Recreation	26,684	0	26,684
Capital outlay	0	416,559	416,559
Total expenditures	<u>26,684</u>	<u>416,559</u>	<u>443,243</u>
Excess (deficiency) of revenues over (under) expenditures	42,826	336,844	379,670
Other financing sources (uses)			
Transfers out	(44,913)	(285,645)	(330,558)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,087)	51,199	49,112
Fund balances, July 1	8,972	360,964	369,936
Fund balances, June 30	<u>\$ 6,885</u>	<u>\$ 412,163</u>	<u>\$ 419,048</u>

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2008

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash	\$ 0	\$ 843	\$ 843
Accounts receivable (net)	0	64,871	64,871
Due from other funds	0	43,767	43,767
Total current assets	0	109,481	109,481
Noncurrent assets			
Capital assets			
Non-depreciable	450,000	14,400	464,400
Depreciable (net)	244,451	304,001	548,452
Total noncurrent assets	694,451	318,401	1,012,852
Total assets	694,451	427,882	1,122,333
LIABILITIES			
Current liabilities			
Payables			
Accounts	0	23,538	23,538
Interest	0	153	153
Accrued salaries	0	6,236	6,236
Compensated absences	0	11,180	11,180
Capital leases payable	0	29,082	29,082
Total current liabilities	0	70,189	70,189
Noncurrent liabilities			
Capital leases payable	0	82,466	82,466
Total liabilities	0	152,655	152,655
NET ASSETS			
Invested in capital assets, net of related debt	694,451	206,853	901,304
Unrestricted	0	68,374	68,374
Total net assets	\$ 694,451	\$ 275,227	\$ 969,678

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2008

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 0	\$ 763,927	\$ 763,927
Total operating revenues	0	763,927	763,927
OPERATING EXPENSES			
Costs of sales and services	0	347,961	347,961
Personal services	0	341,754	341,754
Depreciation	7,047	48,641	55,688
Other	0	1,984	1,984
Total operating expenses	7,047	740,340	747,387
Operating income (loss)	(7,047)	23,587	16,540
Non-operating revenues (expenses)			
Interest revenue	0	27	27
Interest expense	0	(1,461)	(1,461)
Gain (loss) on sale of capital assets	0	7,542	7,542
Total non-operating revenues (expenses)	0	6,108	6,108
Change in net assets	(7,047)	29,695	22,648
Net assets, July 1	701,498	245,532	947,030
Net assets, June 30	\$ 694,451	\$ 275,227	\$ 969,678

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2008

	Industrial Park	Solid Waste	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 0	\$ 758,242	\$ 758,242
Payments to suppliers	0	(343,786)	(343,786)
Payments to employees	0	(341,472)	(341,472)
Other payments	0	(1,984)	(1,984)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	0	71,000	71,000
	<hr/>	<hr/>	<hr/>
Cash flows from non-capital financing activities:			
Payments to other funds	0	(19,021)	(19,021)
	<hr/>	<hr/>	<hr/>
Cash flows from capital and related financing activities:			
Receipts from sale of capital assets	0	7,542	7,542
Issuance of capital leases	0	121,029	121,029
Principle payments - capital leases	0	(9,481)	(9,481)
Interest paid	0	(1,308)	(1,308)
Acquisition of capital assets	0	(169,761)	(169,761)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	0	(51,979)	(51,979)
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities:			
Interest received	0	27	27
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	0	27	27
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, July 1	0	816	816
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, June 30	<u>\$ 0</u>	<u>\$ 843</u>	<u>\$ 843</u>
	<hr/>	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 0	\$ 23,587	\$ 23,587
	<hr/>	<hr/>	<hr/>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	0	48,641	48,641
(Increase) decrease in accounts receivable	0	(5,685)	(5,685)
Increase (decrease) in accounts payable	0	4,175	4,175
Increase (decrease) in accrued salaries	0	1,298	1,298
Increase (decrease) in compensated absences payable	0	(1,016)	(1,016)
	<hr/>	<hr/>	<hr/>
Total adjustments	0	47,413	47,413
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ 0</u>	<u>\$ 71,000</u>	<u>\$ 71,000</u>
	<hr/>	<hr/>	<hr/>

GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 863,501	\$ 1,037,758
Certificates of deposit	0	120,000
Restricted assets		
Cash	50	0
Receivables (net)		
Accounts	12,773	6,925
Intergovernmental	167,895	108,866
Interest	0	1,641
Prepaid items	130,295	129,478
Inventory, at cost	59,498	18,444
Due from other funds	60,991	12,657
Advances to other funds	250,000	0
	<u>\$ 1,545,003</u>	<u>\$ 1,435,769</u>
Total assets	\$ 1,545,003	\$ 1,435,769
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 86,355	\$ 60,492
Accrued salaries and payroll liabilities	89,750	80,405
Deferred revenue	14,519	0
Due to other funds	587,785	716,536
Other liabilities	18,868	16,902
	<u>797,277</u>	<u>874,335</u>
Total liabilities	797,277	874,335
 Fund balances		
Reserved for inventory	59,498	18,444
Reserved for prepaid items	130,295	129,478
Reserved for restricted assets	50	0
Reserved for advances to other funds	250,000	0
Unreserved, undesignated	307,883	413,512
	<u>747,726</u>	<u>561,434</u>
Total fund balances	747,726	561,434
Total liabilities and fund balances	\$ 1,545,003	\$ 1,435,769

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Taxes	\$ 1,306,032	\$ 1,234,046
Licenses and permits	94,654	99,693
Fines, fees and forfeitures	223,968	202,083
Charges for services	731,470	650,277
Intergovernmental	50,827	70,945
Interest	41,744	65,737
Other	38,357	20,451
	<u>2,487,052</u>	<u>2,343,232</u>
Total revenues		
EXPENDITURES		
Current		
General Government	717,350	725,386
Judicial	103,447	97,015
Public Safety	2,174,798	2,122,180
Public Works	1,233,033	1,128,905
Health and Welfare	5,900	5,000
Culture and Recreation	159,913	64,249
Housing and Development	234,047	192,520
	<u>4,628,488</u>	<u>4,335,255</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>(2,141,436)</u>	<u>(1,992,023)</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Fund	44,913	(53,559)
2001 SPLOST Fund	0	(7,297)
Combined Public Utility System Fund	2,215,000	2,135,810
Issuance of capital leases	41,460	0
Sale of capital assets	26,355	5,972
	<u>2,327,728</u>	<u>2,080,926</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	186,292	88,903
Fund balances, July 1	<u>561,434</u>	<u>472,531</u>
Fund balances, June 30	<u>\$ 747,726</u>	<u>\$ 561,434</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008

(With comparative actual amounts for the fiscal year ended June 30, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes				
Intangibles tax	\$ 12,400	\$ 8,847	\$ (3,553)	\$ 12,786
Franchise tax	86,000	87,815	1,815	83,545
Occupational tax	85,600	85,683	83	90,545
Insurance premium tax	250,000	259,247	9,247	248,533
Liquor tax	22,000	19,332	(2,668)	21,791
Beer and wine tax	127,000	139,457	12,457	131,161
Local option sales tax	696,000	705,651	9,651	645,685
Total taxes	<u>1,279,000</u>	<u>1,306,032</u>	<u>27,032</u>	<u>1,234,046</u>
Licenses and permits				
Building permits	40,000	37,094	(2,906)	37,020
Alcoholic beverage licenses	50,000	43,500	(6,500)	46,750
Other permits	15,500	14,060	(1,440)	15,923
Total licenses and permits	<u>105,500</u>	<u>94,654</u>	<u>(10,846)</u>	<u>99,693</u>
Fines, fees and forfeitures				
Parking fines	1,000	813	(187)	566
Court fines - speed control	25,000	32,444	7,444	21,582
Court and DUI fines	75,000	70,037	(4,963)	79,803
Probation fees	55,000	52,790	(2,210)	56,203
Other	91,176	67,884	(23,292)	43,929
Total fines, fees, and forfeitures	<u>247,176</u>	<u>223,968</u>	<u>(23,208)</u>	<u>202,083</u>
Charges for services				
Reimbursement of joint expenses	649,832	649,832	0	579,289
Cemetery sales and services	75,000	62,135	(12,865)	58,205
Public safety	21,000	16,808	(4,192)	11,236
Other	3,200	2,695	(505)	1,547
Total charges for services	<u>749,032</u>	<u>731,470</u>	<u>(17,562)</u>	<u>650,277</u>
Intergovernmental				
Grants	50,000	50,827	827	56,945
Other	0	0	0	14,000
Total intergovernmental	<u>50,000</u>	<u>50,827</u>	<u>827</u>	<u>70,945</u>
Interest	<u>72,000</u>	<u>41,744</u>	<u>(30,256)</u>	<u>65,737</u>
Other				
Miscellaneous	61,451	38,357	(23,094)	20,451
Total revenues	<u>\$ 2,564,159</u>	<u>\$ 2,487,052</u>	<u>\$ (77,107)</u>	<u>\$ 2,343,232</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 98,805	\$ 101,810	\$ (3,005)	\$ 83,448
Contractual services	58,512	55,926	2,586	56,306
Materials and supplies	800	296	504	2,752
Total Mayor and Council	<u>158,117</u>	<u>158,032</u>	<u>85</u>	<u>142,506</u>
City Manager's Office				
Personal services	138,447	135,168	3,279	119,904
Contractual services	9,900	4,537	5,363	10,777
Materials and supplies	1,000	1,107	(107)	3,191
Payments to others	0	17	(17)	0
Total City Manager's Office	<u>149,347</u>	<u>140,829</u>	<u>8,518</u>	<u>133,872</u>
Finance				
Personal services	222,424	225,522	(3,098)	215,224
Contractual services	51,281	51,112	169	47,849
Materials and supplies	5,500	2,286	3,214	7,198
Total Finance	<u>279,205</u>	<u>278,920</u>	<u>285</u>	<u>270,271</u>
Human Resources				
Personal services	30,983	31,017	(34)	29,574
Contractual services	8,600	6,446	2,154	9,278
Materials and supplies	1,500	595	905	1,414
Total Human Resources	<u>41,083</u>	<u>38,058</u>	<u>3,025</u>	<u>40,266</u>
City Clerk				
Personal services	31,480	31,710	(230)	29,978
Contractual services	3,396	2,521	875	1,572
Materials and supplies	3,700	690	3,010	4,901
Total City Clerk	<u>38,576</u>	<u>34,921</u>	<u>3,655</u>	<u>36,451</u>
Elections				
Personal services	350	0	350	0
Contractual services	700	400	300	0
Total Elections	<u>1,050</u>	<u>400</u>	<u>650</u>	<u>0</u>
City Attorney				
Personal services	7,798	5,092	2,706	4,800
Contractual services	20,600	12,044	8,556	28,669
Total City Attorney	<u>28,398</u>	<u>17,136</u>	<u>11,262</u>	<u>33,469</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
General Government - continued				
City Hall Maintenance				
Contractual services	\$ 30,965	\$ 30,382	\$ 583	\$ 49,655
Materials and supplies	23,700	18,672	5,028	18,896
Total City Hall Maintenance	<u>54,665</u>	<u>49,054</u>	<u>5,611</u>	<u>68,551</u>
Total General Government	<u>750,441</u>	<u>717,350</u>	<u>33,091</u>	<u>725,386</u>
Judicial				
Municipal Court				
Personal services	54,746	54,242	504	52,182
Contractual services	48,739	45,326	3,413	44,283
Materials and supplies	750	3,879	(3,129)	550
Capital outlay	5,000	0	5,000	0
Total Judicial	<u>109,235</u>	<u>103,447</u>	<u>5,788</u>	<u>97,015</u>
Public Safety				
Police - Administration				
Personal services	128,406	132,530	(4,124)	123,743
Contractual services	160,547	152,599	7,948	143,973
Materials and supplies	25,971	19,643	6,328	21,455
Capital outlay	41,460	45,780	(4,320)	61,092
Debt service	0	3,696	(3,696)	0
Total Police - Administration	<u>356,384</u>	<u>354,248</u>	<u>2,136</u>	<u>350,263</u>
Police - Uniform Division				
Personal services	678,796	695,361	(16,565)	680,882
Contractual services	25,300	18,530	6,770	29,122
Materials and supplies	80,457	72,471	7,986	58,937
Total Police - Uniform Division	<u>784,553</u>	<u>786,362</u>	<u>(1,809)</u>	<u>768,941</u>
Police - Criminal Investigations				
Personal services	108,267	111,045	(2,778)	101,735
Contractual services	10,350	7,848	2,502	9,300
Materials and supplies	5,170	5,217	(47)	4,323
Total Police - Criminal Investigations	<u>123,787</u>	<u>124,110</u>	<u>(323)</u>	<u>115,358</u>
Police - Community Relations				
Personal services	50,228	47,611	2,617	49,304
Contractual services	7,000	4,391	2,609	4,128
Materials and supplies	2,000	632	1,368	571
Total Police - Community Relations	<u>59,228</u>	<u>52,634</u>	<u>6,594</u>	<u>54,003</u>
Police - Detention				
Contractual services	<u>40,000</u>	<u>39,607</u>	<u>393</u>	<u>36,662</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Public Safety - continued				
Fire				
Personal services	\$ 720,713	\$ 706,088	\$ 14,625	\$ 699,485
Contractual services	31,893	37,236	(5,343)	30,885
Materials and supplies	39,476	29,832	9,644	28,028
Payments to others	1,000	1,190	(190)	0
Total Fire	<u>793,082</u>	<u>774,346</u>	<u>18,736</u>	<u>758,398</u>
Animal Control				
Personal services	36,109	32,187	3,922	26,297
Contractual services	3,940	7,986	(4,046)	4,466
Materials and supplies	3,400	3,318	82	2,292
Total Animal Control	<u>43,449</u>	<u>43,491</u>	<u>(42)</u>	<u>33,055</u>
Agency allocations				
Civil Defense	5,500	0	5,500	5,500
Total Public Safety	<u>2,205,983</u>	<u>2,174,798</u>	<u>31,185</u>	<u>2,122,180</u>
Public Works				
Administrative				
Personal services	69,802	68,883	919	66,230
Contractual services	36,662	29,571	7,091	34,522
Materials and supplies	18,360	19,079	(719)	17,681
Payments to others	11,951	11,951	0	16,486
Total Administration	<u>136,775</u>	<u>129,484</u>	<u>7,291</u>	<u>134,919</u>
Infrastructure Construction				
Materials and supplies	8,500	6,626	1,874	0
Capital outlay	200,882	157,647	43,235	0
Total Infrastructure Construction	<u>209,382</u>	<u>164,273</u>	<u>45,109</u>	<u>0</u>
Infrastructure Maintenance				
Personal services	255,904	228,812	27,092	244,979
Contractual services	8,204	9,973	(1,769)	9,769
Materials and supplies	72,359	48,478	23,881	66,056
Total Infrastructure Maintenance	<u>336,467</u>	<u>287,263</u>	<u>49,204</u>	<u>320,804</u>
Parks and Rights-of-Way				
Contractual services	77,100	76,085	1,015	73,970
Materials and supplies	7,950	5,726	2,224	5,384
Capital outlay	0	0	0	16,632
Total Parks and Rights of Way	<u>85,050</u>	<u>81,811</u>	<u>3,239</u>	<u>95,986</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Public Works - continued				
Motor Pool				
Personal services	\$ 173,325	\$ 169,041	\$ 4,284	\$ 164,717
Contractual services	92,100	76,863	15,237	93,946
Materials and supplies	45,909	59,068	(13,159)	53,219
Debt service	24,720	24,513	207	49,026
Total Motor Pool	<u>336,054</u>	<u>329,485</u>	<u>6,569</u>	<u>360,908</u>
Street Lighting				
Contractual services	34,500	28,941	5,559	16,425
Street Sweeper				
Personal services	28,992	26,747	2,245	24,073
Contract services	2,940	3,942	(1,002)	804
Materials and supplies	5,647	6,809	(1,162)	4,904
Total Street Sweeper	<u>37,579</u>	<u>37,498</u>	<u>81</u>	<u>29,781</u>
Cemetery				
Personal services	152,840	148,873	3,967	156,549
Contractual services	6,645	10,479	(3,834)	1,177
Materials and supplies	15,058	14,926	132	12,356
Total Cemetery	<u>174,543</u>	<u>174,278</u>	<u>265</u>	<u>170,082</u>
Total Public Works	<u>1,350,350</u>	<u>1,233,033</u>	<u>117,317</u>	<u>1,128,905</u>
Health and Welfare				
Agency allocations				
Community Partnership	5,900	5,900	0	2,500
Elbert County Aging Program	2,500	0	2,500	2,500
Total Health and Welfare	<u>8,400</u>	<u>5,900</u>	<u>2,500</u>	<u>5,000</u>
Culture and Recreation				
Elbert Theatre				
Personal services	35,989	35,160	829	0
Contract services	9,462	16,421	(6,959)	0
Materials and supplies	20,125	13,726	6,399	0
Capital outlay	31,170	30,356	814	0
Total Elbert Theatre	<u>96,746</u>	<u>95,663</u>	<u>1,083</u>	<u>0</u>
Agency allocations				
Library	58,000	58,000	0	50,000
Power Up Lab	0	0	0	4,249
Boys and Girls Club of America	7,500	3,750	3,750	7,500
Sister City Program	2,500	2,500	0	2,500
Total agency allocations	<u>68,000</u>	<u>64,250</u>	<u>3,750</u>	<u>64,249</u>
Total Culture and Recreation	<u>164,746</u>	<u>159,913</u>	<u>4,833</u>	<u>64,249</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Housing and Development				
Zoning/Special Projects				
Personal services	\$ 95,667	\$ 98,305	\$ (2,638)	\$ 92,582
Contractual services	3,380	1,924	1,456	2,269
Materials and supplies	3,525	2,552	973	3,526
Total Zoning/Special Projects	102,572	102,781	(209)	98,377
Code Enforcement				
Personal services	72,546	72,914	(368)	27,908
Contractual services	4,700	3,115	1,585	1,646
Materials and supplies	2,711	3,990	(1,279)	1,800
Total Code Enforcement	79,957	80,019	(62)	31,354
Economic Development				
Housing Assessment Study	0	0	0	15,000
Mainstreet Elberton	51,335	51,247	88	47,789
Total Economic Development	51,335	51,247	88	62,789
Total Housing and Development	233,864	234,047	(183)	192,520
Total expenditures	\$ 4,823,019	\$ 4,628,488	\$ 194,531	\$ 4,335,255

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Hotel/Motel Tax Fund - *This fund is used to collect Hotel/Motel taxes which are used to help support*

CITY OF ELBERTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Taxes receivable	<u>\$ 6,885</u>	<u>\$ 8,972</u>
 LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	<u>\$ 6,885</u>	<u>\$ 8,972</u>

CITY OF ELBERTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008

(With comparative actual amounts for the fiscal year ended June 30, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Hotel/motel taxes	\$ 69,520	\$ 69,510	\$ (10)	\$ 66,505
Total revenues	<u>69,520</u>	<u>69,510</u>	<u>(10)</u>	<u>66,505</u>
EXPENDITURES				
Culture and Recreation				
Contract services	4,000	0	4,000	0
Elbert Theatre				
Personal services	0	0	0	34,775
Contract services	13,000	6,684	6,316	32,692
Materials and supplies	0	0	0	2,672
Chamber of Commerce				
Payments to other agencies	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>21,500</u>
Total expenditures	<u>37,000</u>	<u>26,684</u>	<u>10,316</u>	<u>91,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,520</u>	<u>42,826</u>	<u>10,306</u>	<u>(25,134)</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(32,520)	(44,913)	(12,393)	53,559
Combined Utilities Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>(33,251)</u>
Total other financing sources (uses)	<u>(32,520)</u>	<u>(44,913)</u>	<u>(12,393)</u>	<u>20,308</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(2,087)	(2,087)	(4,826)
Fund balances, July 1	<u>0</u>	<u>8,972</u>	<u>8,972</u>	<u>13,798</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 6,885</u></u>	<u><u>\$ 6,885</u></u>	<u><u>\$ 8,972</u></u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by the proprietary or fiduciary funds).

2001 Special Purpose Local Option Sales Tax Fund - *This fund is used to account for long-term projects financed by the passage of the 2001 special purpose local option sales tax.*

2006 Special Purpose Local Option Sales Tax Fund - *This fund is used to account for long-term projects financed by the passage of the 2006 special purpose local option sales tax.*

CITY OF ELBERTON, GEORGIA
2001 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Due from other funds	\$ 0	\$ 81,206
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 0	\$ 81,206
Fund balances		
Unreserved	0	0
Total liabilities and fund balances	\$ 0	\$ 81,206

CITY OF ELBERTON, GEORGIA
2001 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Intergovernmental	\$ 0	\$ 23,628
Interest	0	10,362
	<hr/>	<hr/>
Total revenues	0	33,990
	<hr/>	<hr/>
EXPENDITURES		
Current		
Public Safety	0	22,144
Capital Outlay		
Public Safety	0	87,023
Public Works	0	172,768
Housing and Development	0	21,098
	<hr/>	<hr/>
Total expenditures	0	303,033
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	0	(269,043)
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	7,297
	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(261,746)
Fund balances, July 1	0	261,746
	<hr/>	<hr/>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF ELBERTON, GEORGIA
2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 297,563	\$ 258,674
Intergovernmental receivable	115,167	115,167
	\$ 412,730	\$ 373,841
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 59	\$ 220
Due to other funds	508	12,657
	567	12,877
 Fund balances		
Unreserved	412,163	360,964
Total liabilities and fund balances	\$ 412,730	\$ 373,841

CITY OF ELBERTON, GEORGIA
2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Intergovernmental	\$ 743,377	\$ 693,843
Interest	10,026	3,262
Contributions	<u>0</u>	<u>92,375</u>
Total revenues	<u>753,403</u>	<u>789,480</u>
EXPENDITURES		
Current		
Public Safety	20,000	0
Public Works	108,161	0
Culture and Recreation	8,886	8745
Capital Outlay		
Public Safety	48,678	159,889
Public Works	194,823	81,173
Culture and Recreation	0	254,491
Debt Service		
Public Safety	<u>36,011</u>	<u>21,007</u>
Total expenditures	<u>416,559</u>	<u>525,305</u>
Excess (deficiency) of revenues over (under) expenditures	336,844	264,175
Other financing sources (uses)		
Transfers in (out)		
Combined Public Utility System Fund	(285,645)	0
Issuance of capital lease	<u>0</u>	<u>159,889</u>
Total other financing sources (uses)	<u>(285,645)</u>	<u>159,889</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	51,199	424,064
Fund balances, July 1	<u>360,964</u>	<u>(63,100)</u>
Fund balances, June 30	<u><u>\$ 412,163</u></u>	<u><u>\$ 360,964</u></u>

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ENTERPRISE FUNDS

Enterprise Funds account for City operations which are financed and operated in a manner similar to private business enterprises.

Combined Public Utility System Fund is used to account for the operations of the City's Electric, Water and Sewer, and Natural Gas Systems pursuant to requirements of the revenue bond ordinance.

Industrial Park Fund is used to account for the operation of the City's industrial park facilities.

Solid Waste Fund is used to account for the operation of the City's residential and commercial sanitation services and recycling operations.

ElbertonNET Technology Services Fund is used to account for the operation of the City's cable television service and high-speed internet service systems.

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 595,119	\$ 164,665
Certificates of deposit	520,962	480,000
Investments	1,206,918	1,015,050
Receivables		
Accounts (net)	2,157,044	1,918,583
Intergovernmental	0	496,197
Interest	8,435	9,968
Inventories	358,663	312,534
Due from other funds	549,570	610,584
Other current assets	27,444	26,525
Lease receivable - current	355,562	335,406
	<u>5,779,717</u>	<u>5,369,512</u>
Total current assets		
Restricted assets		
Bond Construction Fund		
Cash	141,169	50,441
Extension and Renewal		
Cash	8,453	19
Bond Redemption		
Cash	526,151	523,576
Customer Deposits		
Certificates of deposit	120,000	120,000
Investments	455,595	383,439
Interest receivable	4,064	4,047
	<u>1,255,432</u>	<u>1,081,522</u>
Total restricted assets		
Capital assets		
Land	247,035	247,035
Buildings	687,135	687,135
Distribution system	33,788,641	33,435,605
Vehicles and equipment	1,465,904	1,334,780
Construction in progress	28,200	27,120
Accumulated depreciation	<u>(14,938,291)</u>	<u>(14,358,351)</u>
	<u>21,278,624</u>	<u>21,373,324</u>
Total capital assets (net of accumulated depreciation)		
Other assets		
Bond issuance costs (net of accumulated amortization)	238,828	256,519
Intangible assets	378,472	377,692
Advances to other funds	3,038,364	2,661,930
Lease receivable, noncurrent	33,277	420,229
	<u>3,688,941</u>	<u>3,716,370</u>
Total other assets		
Total assets	<u>32,002,714</u>	<u>31,540,728</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

LIABILITIES	<u>2008</u>	<u>2007</u>
Current liabilities		
Payables		
Accounts	\$ 1,333,661	\$ 1,359,600
Sales tax	82,399	88,271
Accrued salaries	38,831	33,211
Compensated absences	114,158	107,607
Other current liabilities	35,635	24,585
Due to other funds	5,552	0
Capital leases payable	433,998	394,824
	<u>2,044,234</u>	<u>2,008,098</u>
Current liabilities payable from restricted assets		
Customer deposits payable	579,659	507,486
Interest payable	244,697	254,842
Bonds payable	530,000	510,000
	<u>1,354,356</u>	<u>1,272,328</u>
Noncurrent liabilities		
Bonds payable	9,665,000	10,195,000
Capital leases payable	160,313	522,566
	<u>9,825,313</u>	<u>10,717,566</u>
	<u>13,223,903</u>	<u>13,997,992</u>
NET ASSETS		
Invested in capital assets, net of related debt	11,397,793	11,191,221
Restricted for restricted assets	289,907	268,753
Unrestricted	7,091,111	6,082,762
	<u>18,778,811</u>	<u>17,542,736</u>
Total net assets	<u>\$ 18,778,811</u>	<u>\$ 17,542,736</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services	\$ 23,019,261	\$ 22,073,524
Miscellaneous revenues	60,202	11,950
Total operating revenues	<u>23,079,463</u>	<u>22,085,474</u>
OPERATING EXPENSES		
Costs of sales and services	16,031,921	16,307,891
Personal services	2,073,645	2,053,090
Depreciation	1,010,002	959,402
Miscellaneous expenses	144,172	68,890
Total operating expenses	<u>19,259,740</u>	<u>19,389,273</u>
Operating income (loss)	<u>3,819,723</u>	<u>2,696,201</u>
Non-operating revenues (expenses)		
Intergovernmental	41,324	750,039
Interest revenue	133,159	124,162
Interest expense	(508,688)	(523,029)
Amortization	(17,691)	(17,691)
Gain (loss) on sale of capital assets	177,389	5,769
Total non-operating revenues (expenses)	<u>(174,507)</u>	<u>339,250</u>
Net income (loss) before capital contributions and transfers	<u>3,645,216</u>	<u>3,035,451</u>
Capital contributions		
Intergovernmental	0	158,263
Capital contributions	0	221,531
Total capital contributions	<u>0</u>	<u>379,794</u>
Net income (loss) before transfers	<u>3,645,216</u>	<u>3,415,245</u>
Transfers in (out)		
Hotel/Motel Fund	0	33,251
2006 SPLOST Fund	285,645	0
Elbertonnet Technology Services Fund	(479,786)	(547,968)
General Fund	(2,215,000)	(2,135,810)
Total transfers	<u>(2,409,141)</u>	<u>(2,650,527)</u>
Change in net assets	1,236,075	764,718
Net assets, July 1	<u>17,542,736</u>	<u>16,778,018</u>
Net assets, June 30	<u><u>\$ 18,778,811</u></u>	<u><u>\$ 17,542,736</u></u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
ELECTRIC UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services	\$ 14,505,101	\$ 13,769,282
Miscellaneous revenues	37,355	2,129
Total operating revenues	<u>14,542,456</u>	<u>13,771,411</u>
OPERATING EXPENSES		
Costs of sales and services	11,343,882	10,835,812
Personal services	1,083,316	1,067,817
Depreciation	213,999	176,713
Miscellaneous expenses	123,447	51,225
Total operating expenses	<u>12,764,644</u>	<u>12,131,567</u>
Operating income (loss)	<u>1,777,812</u>	<u>1,639,844</u>
Non-operating revenues (expenses)		
Intergovernmental	0	137,056
Interest revenue	83,838	76,941
Interest expense	(4,156)	(346)
Gain on sale of capital assets	15,916	204
Total non-operating revenues (expenses)	<u>95,598</u>	<u>213,855</u>
Net income (loss) before transfers	<u>1,873,410</u>	<u>1,853,699</u>
Transfers in (out)		
Hotel/Motel Tax Fund	0	33,251
General Fund	(1,483,750)	(1,383,810)
ElbertonNET Technology Services Fund	(479,786)	(547,968)
Total transfers	<u>(1,963,536)</u>	<u>(1,898,527)</u>
Change in net assets	<u>\$ (90,126)</u>	<u>\$ (44,828)</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
WATER AND SEWER UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services	\$ 2,881,331	\$ 2,916,737
Miscellaneous revenues	18,483	2,398
Total operating revenues	<u>2,899,814</u>	<u>2,919,135</u>
OPERATING EXPENSES		
Costs of sales and services	822,869	1,178,663
Personal services	745,738	749,476
Depreciation	719,605	712,942
Miscellaneous expenses	12,300	10,790
Total operating expenses	<u>2,300,512</u>	<u>2,651,871</u>
Operating income (loss)	<u>599,302</u>	<u>267,264</u>
Non-operating revenues (expenses)		
Intergovernmental	41,324	258,227
Interest revenue	20,361	27,644
Interest expense	(504,532)	(522,683)
Amortization	(17,691)	(17,691)
Gain on sale of capital assets	0	5,565
Total non-operating revenues (expenses)	<u>(460,538)</u>	<u>(248,938)</u>
Net income (loss) before capital contributions and transfers	<u>138,764</u>	<u>18,326</u>
Capital contributions		
Intergovernmental	0	158,263
Capital contributions	0	221,531
Total capital contributions	<u>0</u>	<u>379,794</u>
Net income (loss) before and transfers	<u>138,764</u>	<u>398,120</u>
Transfers in (out)		
2006 SPLOST Fund	<u>285,645</u>	<u>0</u>
Change in net assets	<u>\$ 424,409</u>	<u>\$ 398,120</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
NATURAL GAS UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services	\$ 5,632,829	\$ 5,387,505
Miscellaneous revenues	4,364	7,423
Total operating revenues	<u>5,637,193</u>	<u>5,394,928</u>
OPERATING EXPENSES		
Costs of sales and services	3,865,170	4,293,416
Personal services	244,591	235,797
Depreciation	76,398	69,747
Miscellaneous expenses	8,425	6,875
Total operating expenses	<u>4,194,584</u>	<u>4,605,835</u>
Operating income (loss)	<u>1,442,609</u>	<u>789,093</u>
Non-operating revenues (expenses)		
Intergovernmental	0	354,756
Interest revenue	28,960	19,577
Gain (loss) on sale of capital assets	161,473	0
Total non-operating revenues (expenses)	<u>190,433</u>	<u>374,333</u>
Net income (loss) before transfers	1,633,042	1,163,426
Transfers in (out)		
General Fund	<u>(731,250)</u>	<u>(752,000)</u>
Change in net assets	<u>\$ 901,792</u>	<u>\$ 411,426</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers	\$ 22,858,151	\$ 21,813,237
Payments to suppliers	(16,104,908)	(16,135,555)
Payments to employees	(2,061,474)	(2,036,271)
Other receipts	60,202	11,950
Other payments	(144,172)	(68,890)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	4,607,799	3,584,471
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Receipts from other governments	537,521	253,842
Receipts from other funds	291,197	33,251
Payments to other funds	(3,010,206)	(2,883,044)
	<hr/>	<hr/>
Net cash provided (used) by non-capital financing activities	(2,181,488)	(2,595,951)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Receipts from other governments	0	173,959
Receipts from sale of assets	234,990	5,769
Interest paid	(518,833)	(531,894)
Acquisition of capital assets	(973,683)	(480,983)
Principal payments - bonds	(510,000)	(490,000)
Proceeds from issuance of capital lease	84,411	145,710
Principal received on capital lease receivable	366,796	429,395
Principal payments - capital lease obligations	(407,490)	(357,891)
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	(1,723,809)	(1,105,935)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received	134,675	132,729
Proceeds from sale of investments	400,000	836,125
Purchase of investments	(704,986)	(584,868)
	<hr/>	<hr/>
Net cash provided (used) by investing activities	(170,311)	383,986
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	532,191	266,571
	<hr/>	<hr/>
Cash and cash equivalents, July 1	738,701	472,130
	<hr/>	<hr/>
Cash and cash equivalents, June 30	\$ 1,270,892	\$ 738,701
	<hr/> <hr/>	<hr/> <hr/>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 3,819,723	\$ 2,696,201
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,010,002	959,402
(Increase) decrease in accounts receivable	(238,461)	(265,027)
(Increase) decrease in inventories	(46,129)	(30,334)
(Increase) decrease in other current assets	(919)	(1,882)
Increase (decrease) in accounts payable	(25,939)	204,552
Increase (decrease) in sales tax payable	(5,872)	6,805
Increase (decrease) in accrued salaries	5,620	4,743
Increase (decrease) in compensated absences payable	6,551	12,076
Increase (decrease) in deposits payable	72,173	14,186
Increase (decrease) in accrued liabilities	11,050	(16,251)
Total adjustments	<u>788,076</u>	<u>888,270</u>
Net cash provided (used) by operating activities	<u>\$ 4,607,799</u>	<u>\$ 3,584,471</u>
Cash and cash equivalents reconciliation:		
Cash	\$ 595,119	\$ 164,665
Bond Construction Fund		
Cash	141,169	50,441
Extension and Renewal		
Cash	8,453	19
Bond Redemption		
Cash	<u>526,151</u>	<u>523,576</u>
Total cash and cash equivalents	<u>\$ 1,270,892</u>	<u>\$ 738,701</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$221,531 for the fiscal year ended June 30, 2007.

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Capital assets		
Land	\$ 450,000	\$ 450,000
Land improvements	315,669	315,669
Vehicles and equipment	0	18,000
Accumulated depreciation	<u>(71,218)</u>	<u>(82,171)</u>
Total assets	<u>694,451</u>	<u>701,498</u>
LIABILITIES		
NET ASSETS		
Invested in capital assets	<u>\$ 694,451</u>	<u>\$ 701,498</u>

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

OPERATING REVENUES	<u>2008</u>	<u>2007</u>
Total operating revenues	\$ 0	\$ 0
 OPERATING EXPENSES		
Depreciation	<u>7,047</u>	<u>7,048</u>
Operating income (loss)	(7,047)	(7,048)
Net assets, July 1	<u>701,498</u>	<u>708,546</u>
Net assets, June 30	<u><u>\$ 694,451</u></u>	<u><u>\$ 701,498</u></u>

CITY OF ELBERTON, GEORGIA
INDUSTRIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:	\$ 0	\$ 0
Cash flows from non-capital financing activities:	0	0
Cash flows from capital and related financing activities:	0	0
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, July 1	0	0
Cash and cash equivalents, June 30	\$ 0	\$ 0
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (7,047)	\$ (7,048)
 Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	7,047	7,048
Net cash provided (used) by operating activities	\$ 0	\$ 0

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 843	\$ 816
Accounts receivable (net)	64,871	59,186
Due from other funds	<u>43,767</u>	<u>24,746</u>
Total current assets	<u>109,481</u>	<u>84,748</u>
Capital assets		
Land	14,400	14,400
Land improvements	54,739	54,739
Buildings	88,061	88,061
Vehicles and equipment	591,868	490,542
Accumulated depreciation	<u>(430,667)</u>	<u>(450,461)</u>
Total capital assets (net of accumulated depreciation)	<u>318,401</u>	<u>197,281</u>
Total assets	<u>427,882</u>	<u>282,029</u>
 LIABILITIES		
Current liabilities		
Payables		
Accounts	23,538	19,363
Interest	153	0
Accrued salaries	6,236	4,938
Compensated absences	11,180	12,196
Capital leases payable	<u>29,082</u>	<u>0</u>
Total current liabilities	70,189	36,497
Noncurrent liabilities		
Capital leases payable	<u>82,466</u>	<u>0</u>
Total liabilities	<u>152,655</u>	<u>36,497</u>
 NET ASSETS		
Invested in capital assets, net of related debt	206,853	197,281
Unrestricted	<u>68,374</u>	<u>48,251</u>
Total net assets	<u>\$ 275,227</u>	<u>\$ 245,532</u>

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

OPERATING REVENUES	<u>2008</u>	<u>2007</u>
Charges for sales and services		
Residential service	\$ 319,161	\$ 289,213
Commercial service	266,327	250,098
Sale of recyclables	177,439	157,829
Garbage container sales	1,000	276
	<u>763,927</u>	<u>697,416</u>
Total operating revenues		
	<u>763,927</u>	<u>697,416</u>
OPERATING EXPENSES		
Costs of sales and services	347,961	349,370
Personal services	341,754	336,202
Depreciation	48,641	40,069
Miscellaneous	1,984	2,620
	<u>740,340</u>	<u>728,261</u>
Total operating expenses		
	<u>740,340</u>	<u>728,261</u>
Operating income (loss)	<u>23,587</u>	<u>(30,845)</u>
Non-operating revenues (expenses)		
Interest revenue	27	39
Interest expense	(1,461)	0
Gain (loss) on sale of capital assets	7,542	0
	<u>6,108</u>	<u>39</u>
Total non-operating revenues (expenses)		
	<u>6,108</u>	<u>39</u>
Net income (loss) before capital contributions	29,695	(30,806)
Capital contributions		
Intergovernmental	0	18,464
	<u>0</u>	<u>18,464</u>
Change in net assets	29,695	(12,342)
Net assets, July 1	<u>245,532</u>	<u>257,874</u>
Net assets, June 30	<u>\$ 275,227</u>	<u>\$ 245,532</u>

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers	\$ 758,242	\$ 680,957
Payments to suppliers	(343,786)	(347,895)
Payments to employees	(341,472)	(338,154)
Other payments	<u>(1,984)</u>	<u>(2,620)</u>
Net cash provided (used) by operating activities	<u>71,000</u>	<u>(7,712)</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	0	8,000
Payments to other funds	<u>(19,021)</u>	<u>0</u>
Net cash provided (used) by non-capital financing activities	<u>(19,021)</u>	<u>8,000</u>
Cash flows from capital and related financing activities:		
Receipts from sale of capital assets	7,542	0
Receipts from other governments	0	18,464
Issuance of capital leases	121,029	0
Principle payments - capital leases	(9,481)	0
Interest paid	(1,308)	0
Acquisition of capital assets	<u>(169,761)</u>	<u>(18,751)</u>
Net cash provided (used) by capital and related financing activities	<u>(51,979)</u>	<u>(287)</u>
Cash flows from investing activities:		
Interest received	<u>27</u>	<u>39</u>
Net increase (decrease) in cash and cash equivalents	27	40
Cash and cash equivalents, July 1	<u>816</u>	<u>776</u>
Cash and cash equivalents, June 30	<u><u>\$ 843</u></u>	<u><u>\$ 816</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 23,587</u>	<u>\$ (30,845)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	48,641	40,069
(Increase) decrease in accounts receivable	(5,685)	(16,459)
Increase (decrease) in accounts payable	4,175	1,475
Increase (decrease) in accrued salaries	1,298	708
Increase (decrease) in compensated absences payable	<u>(1,016)</u>	<u>(2,660)</u>
Total adjustments	<u>47,413</u>	<u>23,133</u>
Net cash provided (used) by operating activities	<u><u>\$ 71,000</u></u>	<u><u>\$ (7,712)</u></u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current assets		
Accounts receivable (net)	\$ 196,179	\$ 172,530
Inventories	128,765	137,381
Total current assets	<u>324,944</u>	<u>309,911</u>
Capital assets		
Land	4,800	4,800
Buildings	507,497	507,497
Vehicles and equipment	560,058	560,058
Distribution system	6,147,126	5,974,429
Construction in progress	0	12,772
Accumulated depreciation	<u>(2,058,216)</u>	<u>(1,783,596)</u>
Total capital assets (net of accumulated depreciation)	<u>5,161,265</u>	<u>5,275,960</u>
Other assets		
Bond issuance costs (net of accumulated amortization)	<u>37,886</u>	<u>43,714</u>
Total assets	<u>5,524,095</u>	<u>5,629,585</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	57,423	82,606
Intergovernmental	8,684	7,616
Interest	9,828	11,061
Accrued salaries	5,462	4,286
Compensated absences	12,357	11,608
Customer deposits	2,355	1,561
Due to other funds	60,483	0
Capital lease payable	<u>539,474</u>	<u>513,779</u>
Total current liabilities	<u>696,066</u>	<u>632,517</u>
Noncurrent liabilities		
Advances from other funds	3,288,364	2,661,930
Capital lease payable	<u>3,536,102</u>	<u>4,073,072</u>
Total noncurrent liabilities	<u>6,824,466</u>	<u>6,735,002</u>
Total liabilities	<u>7,520,532</u>	<u>7,367,519</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,085,689	689,109
Unrestricted	<u>(3,082,126)</u>	<u>(2,427,043)</u>
Total net assets	<u>\$ (1,996,437)</u>	<u>\$ (1,737,934)</u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services	\$ 1,559,185	\$ 1,336,275
OPERATING EXPENSES		
Costs of sales and services	1,486,141	1,032,080
Personal services	305,833	287,259
Depreciation	274,620	286,434
Miscellaneous	11,373	9,431
Total operating expenses	<u>2,077,967</u>	<u>1,615,204</u>
Operating income (loss)	<u>(518,782)</u>	<u>(278,929)</u>
Non-operating revenues (expenses)		
Amortization expense	(5,829)	(5,829)
Interest expense	(213,678)	(237,932)
Total non-operating revenues (expenses)	<u>(219,507)</u>	<u>(243,761)</u>
Net income (loss) before transfers	(738,289)	(522,690)
Transfers in (out)		
Combined Utilities Fund	479,786	547,968
Change in net assets	(258,503)	25,278
Net assets, July 1	<u>(1,737,934)</u>	<u>(1,763,212)</u>
Net assets, June 30	<u>\$ (1,996,437)</u>	<u>\$ (1,737,934)</u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,536,330	\$ 1,310,549
Payments to suppliers	(1,501,640)	(1,036,833)
Payments to employees	(303,908)	(287,230)
Other payments	(11,373)	(9,431)
	<u>(280,591)</u>	<u>(22,945)</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>1,166,703</u>	<u>794,852</u>
Cash flows from capital and related financing activities:		
Interest paid	(214,911)	(239,107)
Principal payments - capital lease obligations	(511,275)	(487,079)
Acquisition of capital assets	(159,926)	(45,721)
	<u>(886,112)</u>	<u>(771,907)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, July 1	<u>0</u>	<u>0</u>
Cash and cash equivalents, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (518,782)</u>	<u>\$ (278,929)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	274,620	286,434
(Increase) decrease in accounts receivable	(23,649)	(26,493)
(Increase) decrease in inventories	8,616	(32,123)
Increase (decrease) in accounts payable	(25,183)	25,966
Increase (decrease) in intergovernmental payable	1,068	1,404
Increase (decrease) in customer deposits	794	767
Increase (decrease) in accrued salaries	1,176	856
Increase (decrease) in compensated absences payable	749	(827)
	<u>238,191</u>	<u>255,984</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ (280,591)</u></u>	<u><u>\$ (22,945)</u></u>

AGENCY FUNDS

These funds are used to account for assets held by the City as an agent to be expended or invested in accordance with the conditions of its agency capacity.

Municipal Court Fund – *This fund is used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately are transmitted to the General Fund or another agency.*

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 0	\$ 14,499
Accounts receivable (net)	<u>100,952</u>	<u>102,023</u>
Total assets	<u><u>\$ 100,952</u></u>	<u><u>\$ 116,522</u></u>
LIABILITIES		
Due to other agencies	<u><u>\$ 100,952</u></u>	<u><u>\$ 116,522</u></u>

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2008

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash	\$ 14,499	\$ 127,301	\$ 141,800	\$ 0
Accounts receivable (net)	102,023	67,251	68,322	100,952
	<u>\$ 116,522</u>	<u>\$ 194,552</u>	<u>\$ 210,122</u>	<u>\$ 100,952</u>
LIABILITIES				
Due to others agencies	<u>\$ 116,522</u>	<u>\$ 194,552</u>	<u>\$ 210,122</u>	<u>\$ 100,952</u>

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COMPONENT UNIT

Downtown Development Authority - *This component unit is used to account for governmental revenues and contributions reserved for City business development.*

CITY OF ELBERTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Cash	\$ 11,982	\$ 5,764
Accounts receivable	701	0
Prepaid items	239	229
Other assets	<u>2,500</u>	<u>2,500</u>
Total assets	<u>\$ 15,422</u>	<u>\$ 8,493</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ 1,245</u>	<u>\$ 400</u>
Fund balances		
Reserved for prepaid items	239	229
Unreserved	<u>13,938</u>	<u>7,864</u>
Total fund balances	<u>14,177</u>	<u>8,093</u>
Total liabilities and fund balances	<u>\$ 15,422</u>	<u>\$ 8,493</u>

CITY OF ELBERTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 51,335	\$ 54,247	\$ 2,912	\$ 47,789
Rents	12,290	14,334	2,044	10,579
Event revenue	23,000	18,280	(4,720)	21,047
Interest	0	0	0	5
Contributions	3,000	3,000	0	0
Other	0	9,786	9,786	0
Total revenues	89,625	99,647	10,022	79,420
EXPENDITURES				
Current				
Economic Development				
Personnel services	45,935	44,832	1,103	42,322
Contract services	22,122	21,371	751	26,246
Materials and supplies	12,568	10,581	1,987	4,847
Capital outlay	0	8,432	(8,432)	35,000
Debt service	9,000	16,779	(7,779)	130,632
Total expenditures	89,625	101,995	(12,370)	239,047
Excess (deficiency) of revenues over (under) expenditures	0	(2,348)	(2,348)	(159,627)
Other financing sources (uses)				
Proceeds from notes payable	0	8,432	8,432	111,986
Proceeds from sale of capital assets	0	0	0	39,300
Total other financing sources (uses)	0	8,432	8,432	151,286
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	6,084	6,084	(8,341)
Fund balances, July 1	0	8,093	8,093	16,434
Fund balances, June 30	\$ 0	\$ 14,177	\$ 14,177	\$ 8,093

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Part III

Statistical Section



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City of Elberton
Statistical Section
(Unaudited)

This section of the City of Elberton's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This section includes data for the City (i.e. the primary government) only and does not include the City's discretely presented component unit. This information has not been audited by the independent auditor.

Contents

	<u>Page</u>
Financial Trends	103-117
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	
Revenue Capacity	118-121
These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources and trends of these sources. Property taxes are not a source of revenue for the City; however, property tax valuation and tax rate information is included as an indicator of the City's growth and overall economic condition.	
Debt Capacity	122-125
These tables present information which may assist the reader in analyzing the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	126-127
These tables offer demographic and economic indicators that can be used for financial analysis and to provide a better understanding of the City's present and ongoing financial status.	
Operating Information	128-129
These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Other Information	130-131

Source: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the corresponding years.

City of Elberton
Net Assets by Component
Last Six Fiscal Years

	FISCAL YEAR	
	2008	2007
Governmental Activities		
Invested in capital assets, net of related debt	\$ 3,624,359	\$ 3,471,430
Restricted	419,048	369,936
Unrestricted	224,861	36,620
Total Governmental Activities Net Assets	<u>4,268,268</u>	<u>3,877,986</u>
Business-type Activities		
Invested in capital assets, net of related debt	13,384,786	12,175,380
Restricted	289,907	523,595
Unrestricted	4,077,359	4,052,857
Total Business-Type Activities Net Assets	<u>17,752,052</u>	<u>16,751,832</u>
Primary Government		
Invested in capital assets, net of related debt	17,009,145	15,646,810
Restricted	708,955	893,531
Unrestricted	4,302,220	4,089,477
Total Primary Government Net Assets	<u>\$ 22,020,320</u>	<u>\$ 20,629,818</u>

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR			
2006	2005	2004	2003
\$ 2,909,989	\$ 3,035,688	\$ 2,775,597	\$ 2,519,805
275,544	76,648	20,523	0
(137,068)	(456,924)	(550,441)	(388,125)
<u>3,048,465</u>	<u>2,655,412</u>	<u>2,245,679</u>	<u>2,131,680</u>
12,350,686	12,625,161	7,715,919	11,154,194
525,970	518,176	4,991,805	0
<u>3,104,570</u>	<u>2,242,107</u>	<u>2,132,913</u>	<u>3,280,605</u>
<u>15,981,226</u>	<u>15,385,444</u>	<u>14,840,637</u>	<u>14,434,799</u>
15,260,675	15,660,849	10,491,516	13,673,999
801,514	594,824	5,012,328	0
<u>2,967,502</u>	<u>1,785,183</u>	<u>1,582,472</u>	<u>2,892,480</u>
<u>\$ 19,029,691</u>	<u>\$ 18,040,856</u>	<u>\$ 17,086,316</u>	<u>\$ 16,566,479</u>

City of Elberton
Changes in Net Assets
Last Six Fiscal Years

	FISCAL YEAR	
	2008	2007
Expenses		
Governmental Activities:		
General Government	\$ 302,999	\$ 350,500
Judicial	103,965	98,082
Public Safety	2,293,427	2,213,641
Public Works	1,092,800	1,048,254
Health and Welfare	5,900	9,249
Culture and Recreation	157,287	82,588
Housing and Development	263,260	286,226
Non-departmental	0	0
Interest on Long-term Debt	5,922	5,239
Total Governmental Activities	<u>4,225,560</u>	<u>4,093,779</u>
Business-type Activities:		
Combined Public Utilities		
Electric	12,768,800	12,131,913
Water and Sewer	2,822,735	3,192,245
Natural Gas	4,194,584	4,605,835
Telecommunications	0	0
Elbertonnet Broadband TV	2,297,474	1,858,965
Industrial Park	7,047	7,048
Solid Waste	741,801	728,261
Total Business-type Activities	<u>22,832,441</u>	<u>22,524,267</u>
Total Primary Government Expenses	<u>27,058,001</u>	<u>26,618,046</u>
Program Revenues		
Governmental Activities:		
Charges for Services:		
General Government	57,784	62,241
Public Safety	242,567	214,756
Public Works	62,405	58,637
Culture and Recreation	0	0
Housing and Development	37,504	37,130
Operating Grants and Contributions	842	8,722
Capital Grants and Contributions	99,514	231,841
Total Governmental Activities	<u>500,616</u>	<u>613,327</u>
Program Revenues		
Business-type Activities:		
Charges for Services:		
Electric	14,505,101	13,769,282
Water and Sewer	2,881,331	2,916,737
Natural Gas	5,632,829	5,387,505
Telecommunications	0	0
Elbertonnet Broadband TV	1,559,185	1,336,275
Solid Waste	763,511	697,416
Operating Grants and Contributions	41,324	750,039
Capital Grants and Contributions	0	398,258
Total Business-type Activities	<u>25,383,281</u>	<u>25,255,512</u>
Program Revenues		
Total Primary Government Program Revenues	<u>25,883,897</u>	<u>25,868,839</u>

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR			
2006	2005	2004	2003
\$ 215,991	\$ 361,991	\$ 337,310	\$ 202,285
98,881	78,031	81,460	51,700
2,064,532	1,871,062	1,935,347	1,933,826
1,102,332	880,331	865,252	1,036,330
1,300	13,561	1,585	1,300
66,164	96,910	94,235	78,500
225,903	200,727	184,166	208,569
0	10,853	7,102	164,824
2,907	1,967	0	0
<u>3,778,010</u>	<u>3,515,433</u>	<u>3,506,457</u>	<u>3,677,334</u>
11,332,813	10,461,453	10,177,321	10,195,877
2,784,630	2,536,411	2,326,800	2,005,173
5,190,977	3,898,340	3,514,937	3,167,713
40,261	936,938	1,019,711	1,064,080
1,690,305	1,017,243	983,141	917,648
7,262	14,967	12,699	17,148
679,911	680,009	595,118	520,935
<u>21,726,159</u>	<u>19,545,361</u>	<u>18,629,727</u>	<u>17,888,574</u>
<u>25,504,169</u>	<u>23,060,794</u>	<u>22,136,184</u>	<u>21,565,908</u>
63,572	140,450	134,306	122,135
225,841	211,864	247,217	285,517
71,253	71,190	43,822	87,370
0	0	0	28,243
19,235	39,664	20,668	20,546
39,969	120,474	14,179	32,964
200,000	392,279	504,455	0
<u>619,870</u>	<u>975,921</u>	<u>964,647</u>	<u>576,775</u>
12,886,623	11,948,853	11,406,837	10,846,657
2,654,050	2,575,343	2,382,676	2,310,276
6,227,798	5,346,246	4,981,635	4,641,330
0	533,407	545,739	534,671
1,058,866	691,799	599,950	471,646
670,577	667,104	618,808	562,326
16,030	36,642	47,198	76,475
248,737	0	70,830	11,237
<u>23,762,681</u>	<u>21,799,394</u>	<u>20,653,673</u>	<u>19,454,618</u>
<u>24,382,551</u>	<u>22,775,315</u>	<u>21,618,320</u>	<u>20,031,393</u>

City of Elberton
Changes in Net Assets
Last Six Fiscal Years

	FISCAL YEAR	
	2008	2007
Change in Net Assets		
Net (expense) Revenue - Governmental Activities	\$ (3,724,944)	\$ (3,480,452)
Net (expense) Revenue - Business-type Activities	2,550,840	2,731,245
Net (Expense) Revenue	<u>(1,174,104)</u>	<u>(749,207)</u>
General Revenues and Other Changes in Net Assets		
Governmental Activities		
Taxes:		
Sales	1,399,514	1,285,913
Franchise	87,815	83,545
Occupational (1)	85,683	90,545
Insurance Premium	259,247	248,533
Alcoholic Beverages	158,789	152,952
Hotel/Motel	69,510	66,505
Other	8,847	12,786
Interest and Investment Earnings	51,770	79,361
Gain on Sale of Assets	26,355	5,972
Miscellaneous	38,341	20,451
Transfers	1,929,355	2,102,559
Total Government Activities	<u>4,115,226</u>	<u>4,149,122</u>
Business-type Activities		
Interest and Investment Earnings	133,186	124,201
Gain on Sale of Assets	15,916	5,769
Miscellaneous	229,633	11,950
Transfers	(1,929,355)	(2,102,559)
Total Business-type Activities	<u>(1,550,620)</u>	<u>(1,960,639)</u>
Total Primary Government Activities	<u>2,564,606</u>	<u>2,188,483</u>
Change in Net Assets		
Governmental Activities	390,282	668,670
Business-type Activities	1,000,220	770,606
Total Primary Government Change in Net Assets	<u>1,390,502</u>	<u>1,439,276</u>
Net Assets - beginning (original)		
Governmental Activities	3,877,986	3,048,465
Business-type Activities	16,751,832	15,981,226
Total Primary Government Beginning Net Assets (original)	<u>20,629,818</u>	<u>19,029,691</u>
Prior Period Adjustments		
Governmental Activities	0	160,851
Business-type Activities	0	0
Total Primary Government Prior Period Adjustments	<u>0</u>	<u>160,851</u>
Net Assets - beginning (restated)		
Governmental Activities	3,877,986	3,209,316
Business-type Activities	16,751,832	15,981,226
Total Primary Government Beginning Net Assets (restated)	<u>20,629,818</u>	<u>19,190,542</u>
Change in Net Assets - ending		
Governmental Activities	4,268,268	3,877,986
Business-type Activities	17,752,052	16,751,832
Total Primary Government Ending Net Assets	<u>\$ 22,020,320</u>	<u>\$ 20,629,818</u>

(1) In fiscal year 2006, occupation taxes were recategorized from charges for services to tax revenue.

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR			
2006	2005	2004	2003
\$ (3,158,140)	\$ (2,539,512)	\$ (2,541,810)	\$ (3,100,559)
2,036,522	2,254,033	2,023,946	1,566,044
<u>(1,121,618)</u>	<u>(285,479)</u>	<u>(517,864)</u>	<u>(1,534,515)</u>
640,156	560,452	571,161	581,426
82,846	80,446	74,159	72,575
80,697	0	0	0
237,546	220,795	203,736	189,036
152,254	147,003	147,672	156,026
71,052	62,711	67,007	54,963
7,593	8,649	13,047	14,318
37,785	11,926	6,400	7,143
0	0	0	0
460,627	6,624	11,077	43,183
1,626,340	1,850,639	1,661,620	1,827,857
<u>3,396,896</u>	<u>2,949,245</u>	<u>2,755,879</u>	<u>2,946,527</u>
131,765	125,280	121,616	263,731
0	0	0	0
53,835	16,133	12,681	16,638
(1,626,340)	(1,850,639)	(1,752,405)	(1,827,857)
<u>(1,440,740)</u>	<u>(1,709,226)</u>	<u>(1,618,108)</u>	<u>(1,547,488)</u>
<u>1,956,156</u>	<u>1,240,019</u>	<u>1,137,771</u>	<u>1,399,039</u>
238,756	409,733	214,069	(154,032)
595,782	544,807	405,838	18,556
<u>834,538</u>	<u>954,540</u>	<u>619,907</u>	<u>(135,476)</u>
2,655,412	2,245,679	2,131,680	2,285,712
15,385,444	14,840,637	14,434,799	14,416,243
<u>18,040,856</u>	<u>17,086,316</u>	<u>16,566,479</u>	<u>16,701,955</u>
154,297	0	(100,070)	0
0	0	0	0
<u>154,297</u>	<u>0</u>	<u>(100,070)</u>	<u>0</u>
2,809,709	2,245,679	2,031,610	2,285,712
15,385,444	14,840,637	14,434,799	14,416,243
<u>18,195,153</u>	<u>17,086,316</u>	<u>16,466,409</u>	<u>16,701,955</u>
3,048,465	2,655,412	2,245,679	2,131,680
15,981,226	15,385,444	14,840,637	14,434,799
<u>\$ 19,029,691</u>	<u>\$ 18,040,856</u>	<u>\$ 17,086,316</u>	<u>\$ 16,566,479</u>

City of Elberton
Fund Balances of Governmental Funds
Last Six Fiscal Years

	FISCAL YEAR	
	2008	2007
General Fund		
Reserved	\$ 439,843	\$ 147,922
Unreserved	307,883	413,512
Total General Fund	<u>747,726</u>	<u>561,434</u>
All Other Governmental Funds		
Unreserved, Reported in:		
Special Revenue Fund	6,885	8,972
Capital Project Funds	412,163	360,964
Debt Service Funds	0	0
Total All Other Governmental Funds	<u>419,048</u>	<u>369,936</u>
Total Governmental Fund Balances	<u>\$ 1,166,774</u>	<u>\$ 931,370</u>

Note: Comparative information prior to fiscal year 2003 is not available.

FISCAL YEAR			
2006	2005	2004	2003
\$ 149,041	\$ 92,216	\$ 82,417	\$ 79,609
323,490	153,157	76,158	204,393
<u>472,531</u>	<u>245,373</u>	<u>158,575</u>	<u>284,002</u>
13,798	0	0	0
198,646	76,649	20,523	0
0	0	0	0
<u>212,444</u>	<u>76,649</u>	<u>20,523</u>	<u>0</u>
<u>\$ 684,975</u>	<u>\$ 322,022</u>	<u>\$ 179,098</u>	<u>\$ 284,002</u>

City of Elberton
Changes in Fund Balances - Governmental Funds (1)
Last Six Fiscal Years

	FISCAL YEAR	
	2008	2007
Revenues		
Taxes	\$ 1,375,542	\$ 1,300,551
Licenses and permits (2)	94,654	99,693
Fines, fees and forfeitures	223,968	202,083
Charges for services	731,470	650,277
Intergovernmental	794,204	788,416
Interest	51,770	79,361
Other	38,357	112,826
Total Revenues	3,309,965	3,233,207
Expenditures		
General Government	717,350	725,386
Judicial (3)	103,447	97,015
Public Safety	2,174,798	2,122,180
Public Works	1,233,033	1,128,905
Health and Welfare (4)	5,900	5,000
Culture and Recreation (4)	186,597	155,888
Housing and Development (4)	234,047	192,520
Non-Departmental	0	0
Capital Outlay	416,559	828,338
Total Expenditures	5,071,731	5,255,232
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,761,766)	(2,022,025)
Other Financing Sources (Uses)		
Transfers In	2,259,913	2,196,666
Transfers Out	(330,558)	(94,107)
Sale of Capital Assets	26,355	5,972
Issuance of Capital Leases	41,460	159,889
Total Other Financing Sources (Uses)	1,997,170	2,268,420
Net Change in Fund Balances	235,404	246,395
Fund Balances, July 1	931,370	684,975
Prior Period Adjustment	0	0
Fund Balances, June 30	\$ 1,166,774	\$ 931,370

Note (1): Includes general, special revenue, and capital projects funds.

Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to taxes.

Note (3): Reported as general government prior to fiscal year 2003.

Note (4): Reported as community services prior to fiscal year 2003.

FISCAL YEAR			
2006	2005	2004	2003
\$ 1,191,447	\$ 1,080,056	\$ 1,076,782	\$ 1,068,344
161,855	181,532	156,696	145,342
211,142	159,359	185,822	217,840
976,808	948,741	871,291	1,088,954
239,969	512,753	518,634	61,207
37,785	11,926	6,400	7,143
56,356	6,624	11,076	23,669
<u>2,875,362</u>	<u>2,900,991</u>	<u>2,826,701</u>	<u>2,612,499</u>
848,845	818,311	747,114	801,863
97,358	77,692	80,577	53,456
2,064,065	1,846,427	1,915,206	1,870,738
1,276,305	1,357,297	1,068,128	1,328,679
1,300	13,561	1,300	1,300
60,000	296,144	313,220	156,205
229,786	199,959	257,013	139,535
0	10853	7,102	164,824
88178	146447	146887	0
<u>4,665,837</u>	<u>4,766,691</u>	<u>4,536,547</u>	<u>4,516,600</u>
<u>(1,790,475)</u>	<u>(1,865,700)</u>	<u>(1,709,846)</u>	<u>(1,904,101)</u>
1,705,864	1,947,432	1,882,946	1,884,000
(79,524)	(96,793)	(221,326)	(56,143)
527,088	0	0	19,514
0	157,985	0	0
<u>2,153,428</u>	<u>2,008,624</u>	<u>1,661,620</u>	<u>1,847,371</u>
362,953	142,924	(48,226)	(56,730)
322,022	179,098	284,002	340,732
0	0	(56,678)	0
<u>\$ 684,975</u>	<u>\$ 322,022</u>	<u>\$ 179,098</u>	<u>\$ 284,002</u>

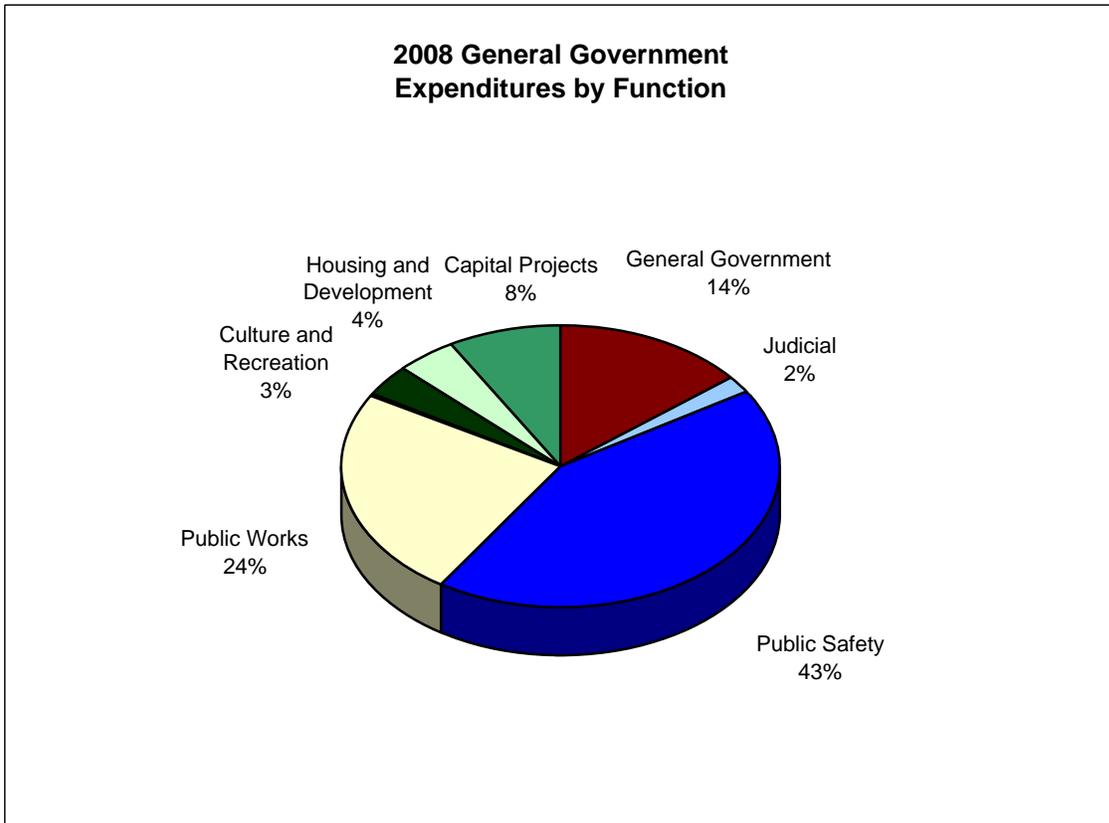
City of Elberton, Georgia
General Government Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial (2)	Public Safety	Public Works	Health and Welfare (3)
1999	\$ 827,531	\$ 0	\$ 1,386,384	\$ 1,019,993	\$ 0
2000	1,124,520	0	1,796,129	1,206,315	0
2001	898,296	0	1,894,338	986,744	0
2002	1,042,103	0	1,880,256	1,040,797	0
2003	801,863	53,456	1,870,738	1,328,679	1,300
2004	747,114	80,577	1,915,206	1,068,128	1,300
2005	818,311	77,692	1,846,427	1,357,297	13,561
2006	848,845	97,358	2,025,601	1,276,305	1,300
2007	725,386	97,015	2,122,180	1,128,905	5,000
2008	717,350	103,447	2,174,798	1,233,033	5,900

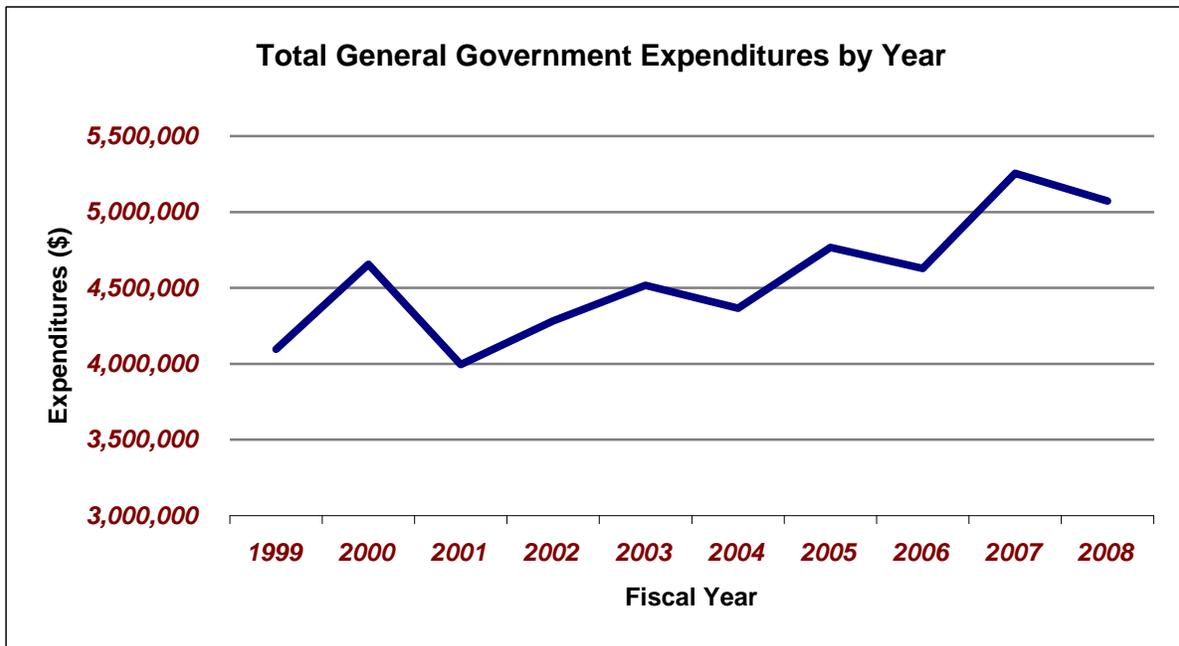
Note (1): Includes general, special revenue, and capital projects funds.

Note (2): Reported as general government prior to fiscal year 2003.

Note (3): Reported as community services prior to fiscal year 2003.



	Culture and Recreation (3)	Housing and Development (3)	Other	Capital Projects	Debt Service	Total
\$	390,229	\$ 0	\$ 386,891	\$ 0	\$ 85,163	\$ 4,096,191
	487,438	0	1,827	0	38,372	4,654,601
	202,575	0	13,315	0	0	3,995,268
	219,748	0	99,787	0	0	4,282,691
	89,900	205,840	164,824	0	0	4,516,600
	313,220	257,013	7,102	146,887	0	4,367,160
	296,144	199,959	10,853	146,447	0	4,766,691
	118,920	170,866	0	88,178	0	4,627,373
	155,888	192,520	0	828,338	0	5,255,232
	186,597	234,047	0	416,559	0	5,071,731



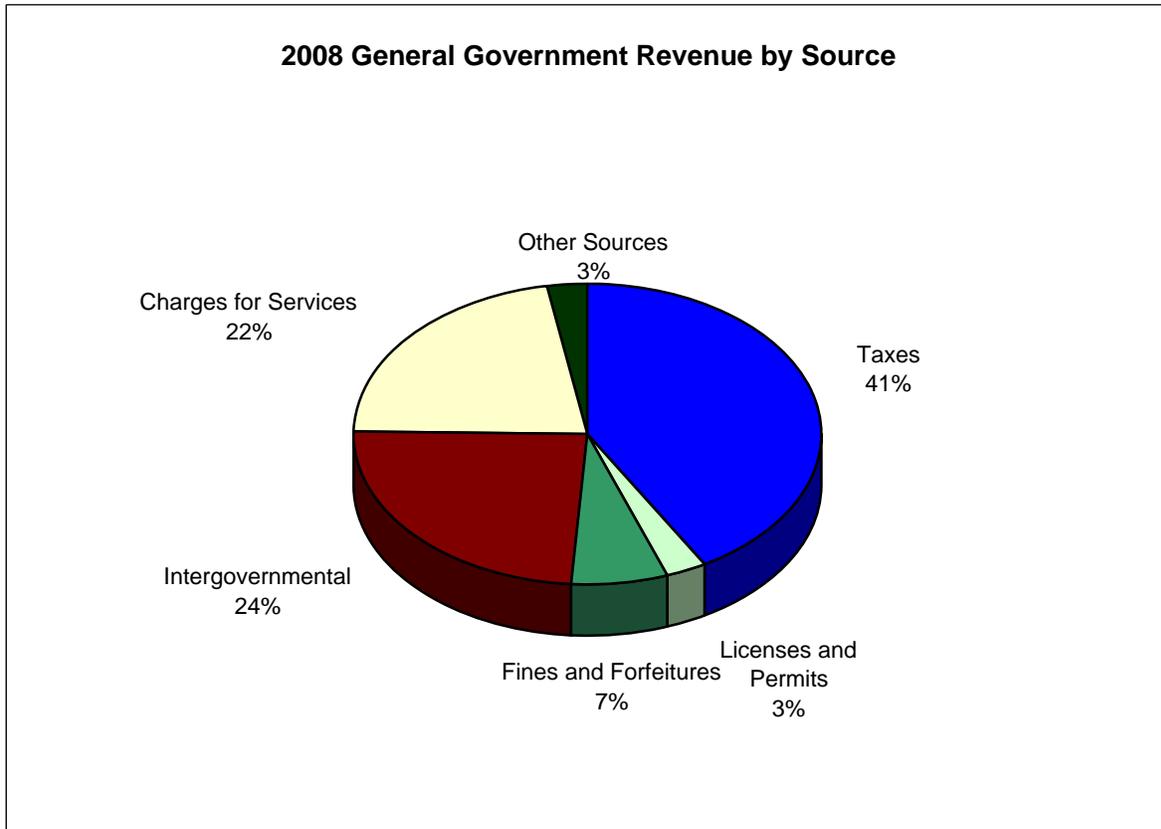
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City of Elberton, Georgia
General Government Revenue by Source (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Intergovernmental	Charges for Services	Other Sources	Total
1999	\$ 890,324	\$ 193,529	\$ 160,621	\$ 222,081	\$ 428,987	\$ 668,783	\$ 2,564,325
2000	1,052,527	190,818	178,954	237,845	496,498	749,381	2,906,023
2001	1,003,945	216,640	228,174	220,234	131,522	789,645	2,590,160
2002	975,467	209,964	204,745	229,034	136,688	803,027	2,558,925
2003	1,068,344	145,342	217,840	61,207	1,088,954	30,812	2,612,499
2004	1,076,782	156,696	185,822	518,634	871,291	17,476	2,826,701
2005	1,080,056	181,532	159,359	512,753	948,741	18,550	2,900,991
2006	1,191,447	161,855	211,142	239,969	976,808	94,141	2,875,362
2007	1,300,551	99,693	202,083	788,416	650,277	192,187	3,233,207
2008	1,375,542	94,654	223,968	794,204	731,470	90,127	3,309,965

Note (1): Includes general, special revenue, and capital projects funds.

Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to tax revenues.



City of Elberton, Georgia

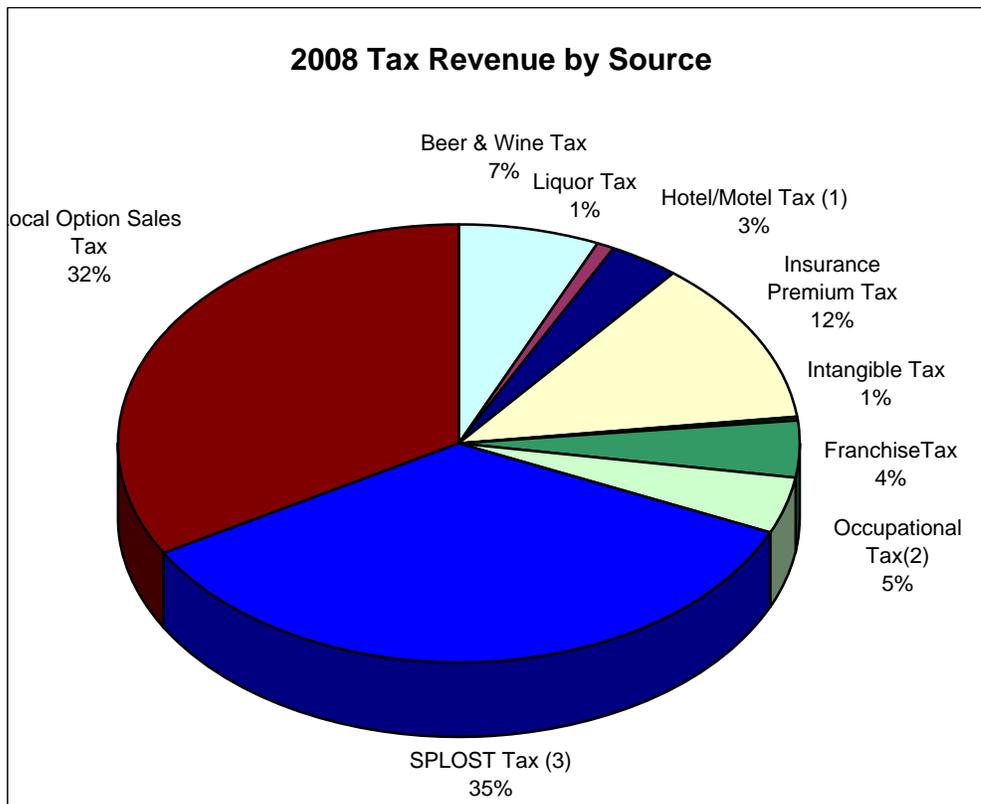
General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Beer & Wine Tax	Liquor Tax	Hotel/Motel Tax (1)	Insurance Premium Tax	Intangible Tax
1999	143,733	19,448	53,994	195,190	7,148
2000	148,715	18,897	57,004	202,187	10,862
2001	140,881	19,955	64,883	214,750	9,330
2002	134,445	30,226	60,721	172,285	16,808
2003	135,998	20,028	54,963	189,036	14,318
2004	126,741	20,931	67,007	203,736	13,047
2005	127,725	19,278	62,711	220,795	8,649
2006	122,343	29,911	71,052	237,546	7,593
2007	131,161	21,791	66,505	248,533	12,786
2008	139,457	19,332	69,510	259,247	8,847

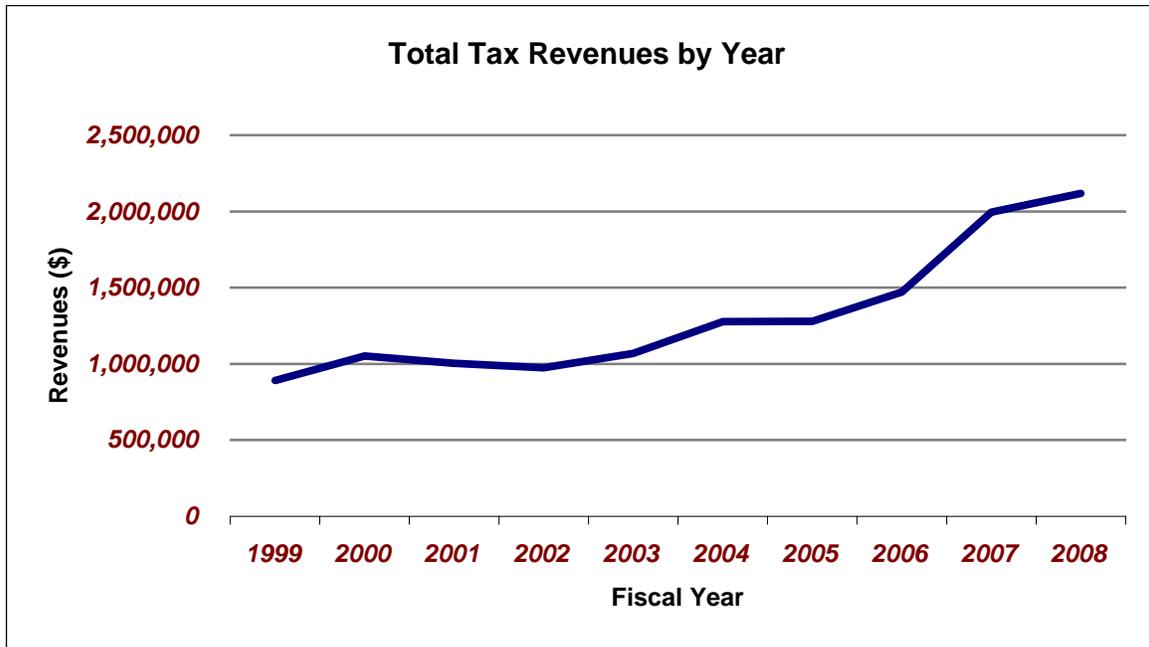
Note (1): Reported in the Hotel/Motel Tax Special Revenue Fund.

Note (2): In fiscal year 2006, occupational taxes were recategorized from licenses and permits to tax revenues.

Note (3): Reported as intergovernmental revenue in the SPLOST Capital Projects Fund.



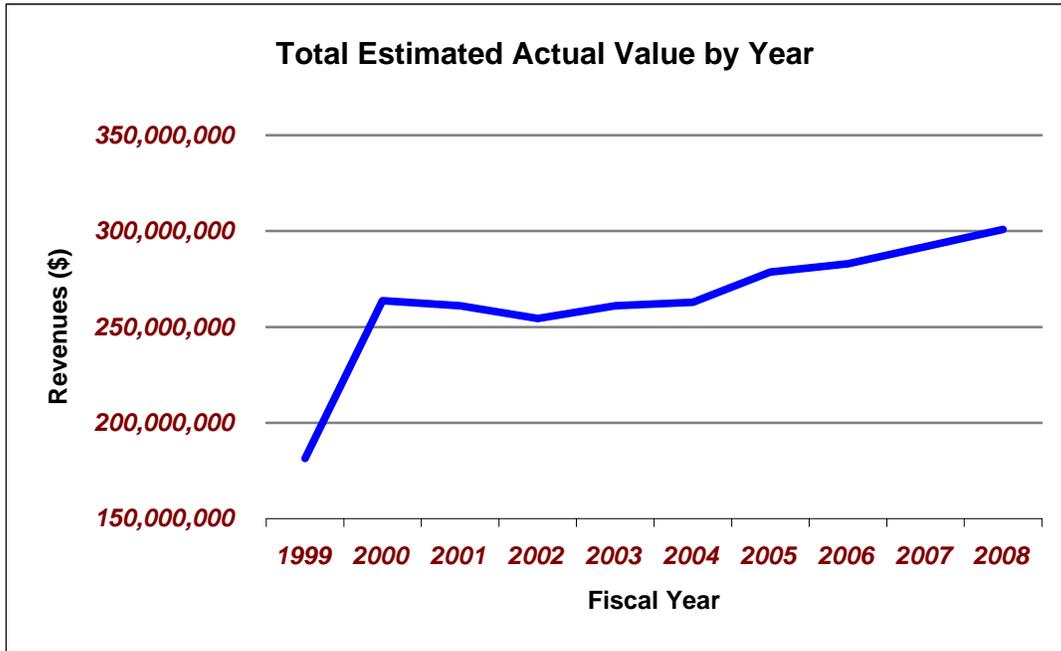
Franchise Tax	Occupational Tax (2)	SPLOST Tax (3)	Local Option Sales Tax	Total
0	0	0	470,811	890,324
0	0	0	614,862	1,052,527
0	0	0	554,146	1,003,945
0	0	0	560,982	975,467
72,575	0	0	581,426	1,068,344
74,159	0	200,000	571,161	1,276,782
80,446	0	200,000	560,452	1,280,056
82,846	80,697	200,000	640,156	1,472,144
83,545	90,545	693,843	645,685	1,994,394
87,815	85,683	743,377	705,651	2,118,919



City of Elberton, Georgia
Assessed and Estimated Actual Value of Taxable Property
Digest Years 1999 - 2008

Calendar Year of Digest	Real Property	Motor Vehicles	Mobile Homes	Public Utilities
1999	61,745,952	8,509,487	146,884	2,154,114
2000	93,153,541	9,242,182	249,644	2,833,330
2001	91,973,979	9,241,620	503,121	2,688,688
2002	89,932,529	9,222,990	488,623	2,108,558
2003	91,566,472	10,000,980	466,936	2,381,540
2004	92,170,957	9,279,990	416,656	3,307,767
2005	98,235,365	8,996,730	430,017	3,805,497
2006	100,688,999	8,769,030	399,757	3,298,572
2007	104,047,358	9,171,830	350,700	3,208,144
2008	107,376,047	9,413,060	336,820	3,207,627

Source: Elbert County Tax Digest



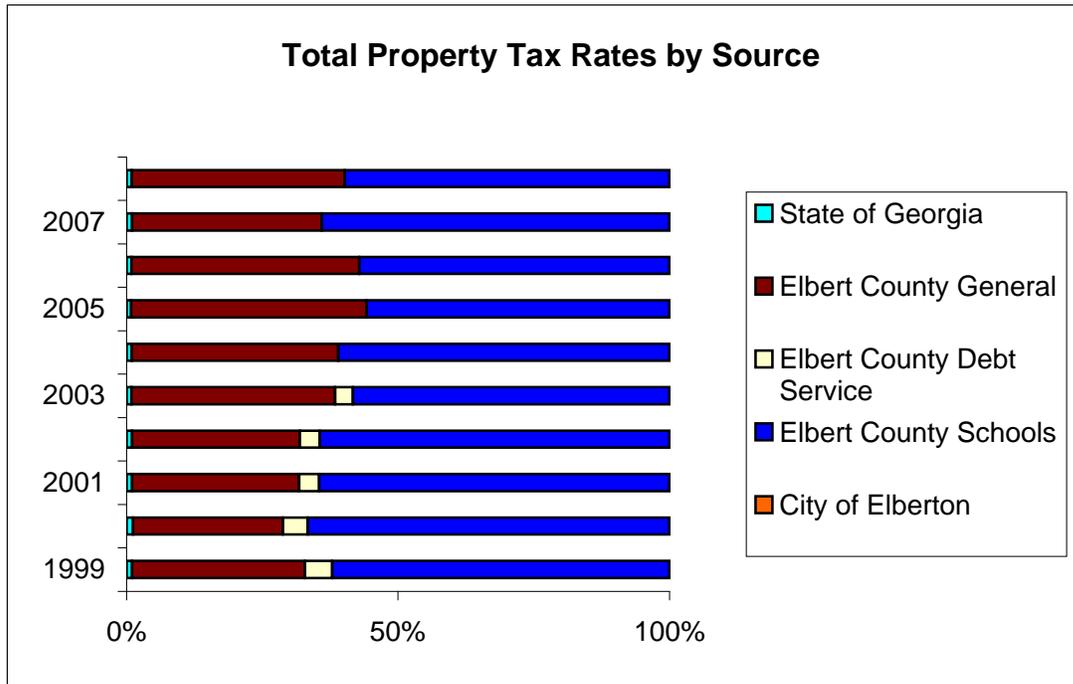
Total Property	Less: Exemptions	Total Taxable Property	Total Estimated Actual Value
72,556,437	(1,283,447)	71,272,990	181,391,093
105,478,697	(7,178,589)	98,300,108	263,696,743
104,407,408	(3,118,175)	101,289,233	261,018,520
101,752,700	(5,295,281)	96,457,419	254,381,750
104,415,928	(3,938,588)	100,477,340	261,039,820
105,175,370	(3,475,545)	101,699,825	262,938,425
111,467,609	(5,403,422)	106,064,187	278,669,023
113,156,358	(6,001,710)	107,154,648	282,890,895
116,778,032	(6,925,246)	109,852,786	291,945,080
120,333,554	(3,749,436)	116,584,118	300,833,885

City of Elberton, Georgia
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Value)
Digest Years 1999 - 2008

Calendar Year of Digest	State of Georgia	Elbert County (Incorporated area)			Elbert County Schools	City of Elberton	Total Tax Rate
		Elbert County General	Elbert County Debt Service	Total County Tax Rate			
1999	0.25	7.95	1.25	9.20	15.50	0.00	24.95
2000	0.25	5.76	0.95	6.71	13.90	0.00	20.86
2001	0.25	7.88	0.95	8.83	16.50	0.00	25.58
2002	0.25	7.98	0.96	8.93	16.61	0.00	25.79
2003	0.25	10.90	0.95	11.85	16.90	0.00	29.00
2004	0.25	10.40	0.00	10.40	16.65	0.00	27.30
2005	0.25	12.94	0.00	12.94	16.65	0.00	29.84
2006	0.25	11.94	0.00	11.94	16.23	0.00	28.42
2007	0.25	9.02	0.00	9.02	16.50	0.00	25.77
2008	0.25	10.50	0.00	10.50	16.01	0.00	26.76

Source: Elbert County Tax Digest

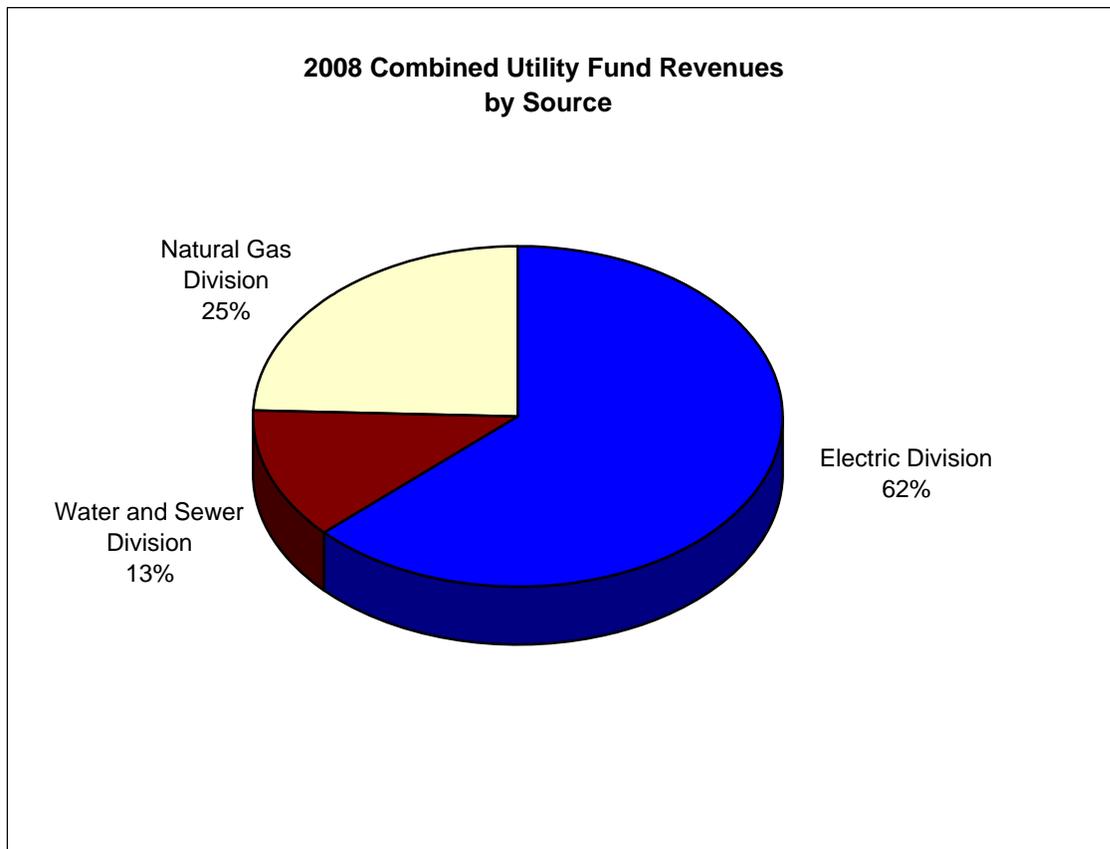
Note (1): Tax rates are expressed in rate per \$1,000.



City of Elberton, Georgia
Combined Utility Fund Operating Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Electric Division	Water and Sewer Division	Natural Gas Utility Division	Telecommunications Division (1)	Total
1999	9,300,920	1,803,920	2,585,453	2,133	13,692,426
2000	9,659,893	1,871,702	2,933,903	29,604	14,495,102
2001	10,236,301	1,933,208	4,941,653	74,337	17,185,499
2002	10,512,050	2,396,994	3,614,512	419,744	16,943,300
2003	10,851,432	2,311,742	4,646,927	539,471	18,349,572
2004	11,411,614	2,383,173	4,984,242	550,539	19,329,568
2005	11,955,573	2,575,875	5,350,327	538,207	20,419,982
2006	12,913,109	2,655,824	6,236,693	0	21,805,626
2007	13,771,411	2,919,135	5,394,928	0	22,085,474
2008	14,542,456	2,899,814	5,637,193	0	23,079,463

Note (1): The telecommunications division first began operations in 1999 and did not earn revenues prior to fiscal year 1999. In fiscal year 2006, the telecommunications division was combined with broadband cable services in a separate enterprise fund.



City of Elberton, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases			
1999	\$ 0	\$ 1,260,000	\$ 1,876,884	\$ 282,426	\$ 3,419,310	0.85%	698
2000	0	1,155,000	1,767,047	3,041,812 ⁽²⁾	5,963,859	1.39%	1,257
2001	0	1,045,000	1,650,143	9,348,621 ⁽³⁾	12,043,764	2.68%	2,565
2002	0	13,000,000 ⁽⁴⁾	0	9,046,436	22,046,432	4.89%	4,708
2003	0	12,570,000	0	8,559,123	21,129,123	4.72%	4,518
2004	0	12,125,000	0	7,805,107	19,930,107	4.19%	4,225
2005	117,939 ⁽⁵⁾	11,670,000	0	7,012,126	18,800,060	3.80%	3,988
2006	71,821	11,195,000	0	6,203,501	17,470,322	3.40%	3,709
2007	166,916 ⁽⁶⁾	10,705,000	0	5,504,241	16,376,151	N/A	3,509
2008	150,078	10,195,000	0	4,781,435	15,126,513	N/A	3,311

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note (1): See the Demographic Statistics on exhibit I-14 for personal income and population information.

Note (2): Capital lease for construction of a new manufacturing facility in the city's industrial park.

Note (3): Capital leases to finance construction of a broadband and cable television distribution system.

Note (4): Series 2001 Revenue Bonds were issued for construction and improvements to the water and sewer systems and to pay off existing GEFA notes. These bonds are secured solely by the specified revenue sources of the utilities systems.

Note (5): Capital lease to purchase a new street sweeper for the public works department.

Note (6): Increase to capital leases due to two new leases through Georgia Municipal Association for vehicle purchases.

City of Elberton, Georgia
Computation of Legal Debt Margin
June 30, 2008

Net assessed value	\$	116,584,118
Debt limit - 10% of total assessed value		11,658,412
Total General Obligation bonds outstanding		<u>0</u>
Legal debt margin	<u>\$</u>	<u>11,658,412</u>
Ratio of Legal Debt Margin to Debt Limit		100.00%

**Direct General Obligation and
Guaranteed Revenue Debt Outstanding**

			Debt per Capita
General Obligation Debt	\$	0	<u>\$ 0</u>
Guaranteed Revenue Debt:			
Series 2001 Combined Public Utility System Revenue Bonds		<u>10,195,000</u>	<u>2,149</u>
Total General Obligation and Guaranteed Revenue Debt	<u>\$</u>	<u>10,195,000</u>	<u>\$ 2,149</u>

City of Elberton, Georgia
Revenue Bond Coverage
1988 Series Bonds for Water & Sewer Division
2001 Series Bonds for Water & Sewer Division
Combined Public Utility System Fund
Last Ten Fiscal Years

Fiscal Years	Debt Service			Water & Sewer Division			Debt Coverage
	Principal	Interest	Total	Gross Revenue	Operating Expense	Net Revenue	
1999	95,000	98,220	193,220	1,803,920	1,000,471	803,449	4.16
2000	105,000	91,665	196,665	1,871,702	1,005,409	866,293	4.40
2001	110,000	84,315	194,315	1,933,208	1,007,882	925,326	4.76
2002	0	429,129	429,129	2,396,994	1,083,228	1,313,766	3.06
2003	430,000	579,362	1,009,362	2,311,742	1,408,120	903,622	0.90
2004	445,000	566,149	1,011,149	2,383,173	1,742,960	640,213	0.63
2005	455,000	552,194	1,007,194	2,575,875	1,966,526	609,349	0.60
2006	475,000	536,839	1,011,839	2,655,824	2,230,100	425,724	0.42
2007	490,000	522,683	1,012,683	2,919,135	2,651,871	267,264	0.26
2008	510,000	504,532	1,014,532	2,899,814	2,300,512	599,302	0.59

Combined Public Utility System Fund

Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
13,692,426	10,888,689	2,803,737	14.51
14,495,102	11,700,419	2,794,683	14.21
17,185,499	14,070,699	3,114,800	16.03
16,943,300	13,535,348	3,407,952	7.94
18,349,572	15,535,832	2,813,740	2.79
19,329,568	16,157,187	3,172,381	3.14
20,419,982	16,988,617	3,431,365	3.41
21,805,626	18,753,890	3,051,736	3.02
22,085,474	19,389,273	2,696,201	2.66
23,079,463	19,259,740	3,819,723	3.77

City of Elberton, Georgia

Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Unemployment Rate (2)	Median Household Income (3)	Total Personal Income (4) (amounts in thousands)	School Enrollment (5)
1999	4,898	7.1%	28,574	403,950	3,814
2000	4,743	5.2%	29,830	428,583	3,792
2001	4,695	5.5%	28,979	448,837	3,822
2002	4,683	5.6%	29,219	450,456	3,786
2003	4,677	5.7%	29,776	447,660	3,728
2004	4,717	5.2%	30,322	475,558	3,704
2005	4,714	7.0%	30,871	494,464	3,588
2006	4,710	7.1%	32,287	514,561	3,481
2007	4,667	6.5%	N/A	N/A	3,437
2008	4,568	5.8%	N/A	N/A	3,358

(1) U. S. Census Bureau

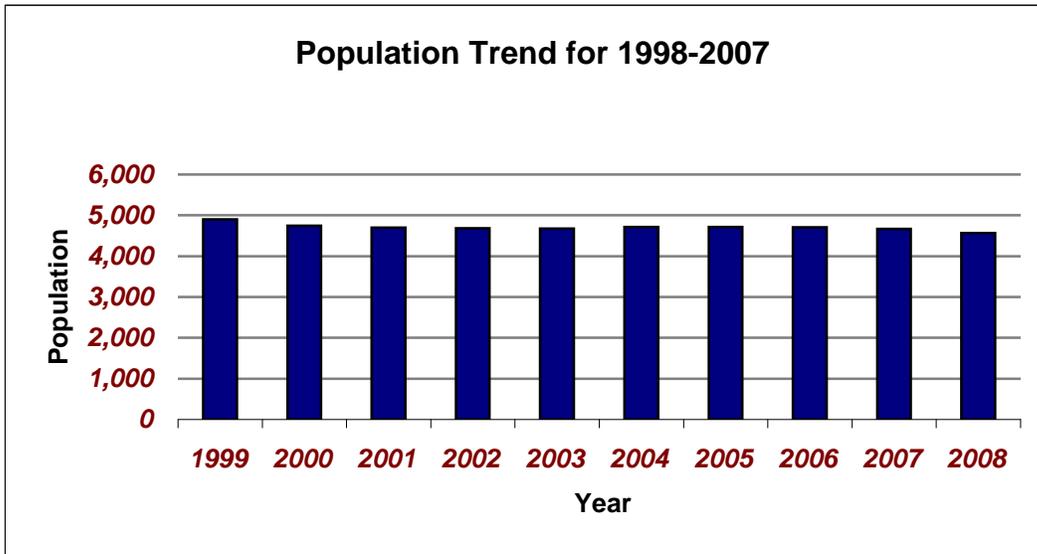
(2) Georgia Department of Labor, for entire Elbert County

(3) U. S. Census Bureau, for entire Elbert County

(4) U.S. Department of Commerce Bureau of Economic Analysis, for entire Elbert County

(5) Georgia Department of Education, for entire Elbert County

N/A = information not available



City of Elberton, Georgia
Principal Employers
For the Current Year and Nine Years Ago

Employer	2008			1999		
	Number of Employees	Rank	Percentage of Total for Principal Employers	Number of Employees	Rank	Percentage of Total for Principal Employers
Pilgrims Pride Corp	660	1	35.37%			
Honeywell International	427	2	22.88%			
Elbert Memorial Hospital	196	3	10.50%	275	4	13.76%
Pinnacle Bank	110	4	5.89%			
SR Plastics, Inc.	104	5	5.57%			
Wal-Mart	104	6	5.57%			
Carlisle Coating & Waterproofing	70	7	3.75%			
Turner Concrete/Quality Block Co., Inc.	70	8	3.75%	37	10	1.85%
IMEX	65	9	3.48%			
Whitlow Electric	60	10	3.22%	52	7	2.60%
Seaboard Farms				596	1	29.83%
Allied Signal Braking Systems				360	2	18.02%
The Torrington Company				326	3	16.32%
Dickson Elberton Mills, Inc.				180	5	9.01%
Elberton Manufacturing Co.				95	6	4.75%
TC MiraDri				40	8	2.00%
Martin Fireproofing				37	9	1.85%
Total for Principal Employers	1,866		100%	1,998		100%

Source: Elbert County Chamber of Commerce

Note: Governmental employers are not included in the ranking

City of Elberton
Full-time Equivalent Employees by Function
Last Six Fiscal Years

Function	Full-time Equivalent Employees as of June 30					
	2008	2007	2006	2005	2004	2003
Primary government						
General Government	7	7	12	11	11	11
Judicial	1	1	1	1	1	1
Public Safety						
Animal Control	1	1	1	1	1	1
Police	22	22	22	23	23	27
Fire	19	19	19	19	19	19
Public Works	16	16	15	16	16	16
Culture and recreation	1	1	1	0	0	0
Housing and Development	2	2	2	3	3	3
Combined Public Utilities	47	48	44	44	47	47
ElbertonNET Technology Services	5	5	2	3	3	3
Solid Waste	11	11	11	11	11	11
Total primary government	<u>132</u>	<u>133</u>	<u>130</u>	<u>132</u>	<u>135</u>	<u>139</u>
Component unit						
Downtown Development Authority	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total employees	<u><u>133</u></u>	<u><u>134</u></u>	<u><u>131</u></u>	<u><u>133</u></u>	<u><u>136</u></u>	<u><u>140</u></u>

Source: City of Elberton Annual Budget

Note: Comparative information prior to fiscal year 2003 is not available.

City of Elberton, Georgia
Operating Indicators by Function
Last Six Fiscal Years

Function	FISCAL YEAR					
	2008	2007	2006	2005	2004	2003
Police						
Number of Citations	2,510	1,998	2,013	2,462	1,392	1,459
Number of Calls for Service	4,125	4,227	4,199	6,522	6,344	3,435
Fire						
Number of Calls Answered	307	280	266	264	281	N/A
Number of Inspections Conducted	407	252	220	121	135	N/A
Electrical Service:						
Number of customers	4,571	4,593	4,616	4,615	4,621	4,667
Kilowatt hours sold	155,845,065	158,921,697	161,500,250	159,404,230	158,550,136	150,709,415
Water & Sewer Service:						
Number of water customers	3,553	3,561	3,510	3,500	3,497	3,504
Gallons of water sold	503,882,368	536,608,535	515,502,430	509,652,612	545,894,000	505,840,375
Natural Gas Service:						
Number of customers	4,133	4,181	4,239	4,265	4,301	4,313
Cubic feet sold	408,918,410	405,554,000	395,059,000	424,140,000	465,022,000	496,843,000

Source: Various City Departments
N/A= Information is not available.

City of Elberton, Georgia
Property Value - Construction
Last Ten Fiscal Years

Fiscal Year	Number of Permits	Estimated Construction Costs
1999	133	2,577,727
2000	129	1,438,992
2001	223	11,610,242
2002	206	10,020,920
2003	209	1,413,072
2004	250	1,911,519
2005	305	4,430,762
2006	210	2,802,569
2007	289	3,973,644
2008	411	3,077,483

Source: City of Elberton Building Inspection Office

City of Elberton, Georgia
Miscellaneous Statistics
June 30, 2008

Date of incorporation	December 10, 1803
Form of government	Mayor--Council--Manager
Population (Census 2000)	4,743
Area	3.5 square miles
Fire protection:	
Number of stations	1
Number of certified firefighters	19
Police protection:	
Number of stations	1
Number of sworn police officers	20
Education:	
Elementary schools (PreK - 5)	2
Number of teachers	69
Number of students	685
Middle schools (6 - 8)	1
Number of teachers	67
Number of students	728
High schools (9 - 12)	1
Number of teachers	88
Number of students	1,020
Schools of post-secondary education	1
Recreation and Culture:	
Libraries	1
Number of parks	4
Recreation centers	4
Tennis courts	6
Acres of parks & rec centers	29.42
Miles of streets	35
Electrical service:	
Miles of primary electrical lines	102
Miles of secondary electrical lines	60
Water & sewer service:	
Number of water filter plants	1
Capacity - gallons per day	3,000,000
Average daily consumption	1,380,500
Miles of water lines	107
Number of sewer treatment plants	2
Miles of sewer lines	62
Natural gas service:	
Miles of natural gas lines	169
Municipal cemeteries	2
Total acreage	24.10
Number of employees:	
Full-time	133
Part-time	26

Source: Various city departments and local institutions

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Part IV

Other Reporting Section



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**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***

Honorable Mayor and
Members of the City Council
City of Elberton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely present component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the City of Elberton, Georgia's the basic financial statements and have issued our report thereon dated December 4, 2008. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Elberton, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 Elberton, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Elberton, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Elberton, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Elberton, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Elberton, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Elberton, Georgia's, internal control.

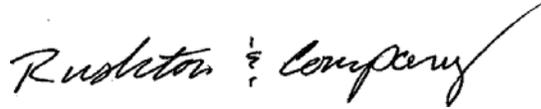
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elberton, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters involving the internal control over financial reporting that we have reported to management of the City of Elberton, Georgia in a separate letter dated December 4, 2008.

This report is intended solely for the information and use of the City Council, management, others within the organization, State of Georgia Departments of Audits and Accounts, and Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.



Rushton & Company

Certified Public Accountants

Gainesville, Georgia
December 4, 2008

CITY OF ELBERTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2008

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2006 SPLOST					
Infrastructure Improvements	\$ 830,000	\$ 830,000	\$ 144,273	\$ 302,984	\$ 447,257
Elbert Theatre Improvements	145,000	145,000	263,236	8,886	272,122
Public Safety Building Improvements and Equipment	525,000	525,000	180,896	68,678	249,574
Water and Sewer Distribution System Improvements	<u>1,400,000</u>	<u>1,400,000</u>	<u>0</u>	<u>285,645</u>	<u>285,645</u>
Total	<u><u>\$ 2,900,000</u></u>	<u><u>\$ 2,900,000</u></u>	<u><u>\$ 588,405</u></u>	<u><u>\$ 666,193</u></u>	<u><u>\$ 1,254,598</u></u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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