



City of Elberton, Georgia

Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2016

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, 2016

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Government Finance Officers Association

**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, 2015

Executive Director/CEO

CITY OF ELBERTON, GEORGIA

CITY OFFICIALS

June 30, 2016

MAYOR

Larry L. Guest

CITY COUNCIL

Carey Butler, Mayor Pro Tempore

Troy Colquitt

Bobby G. Hunt

Rick Prince

Joel Seymour

CITY MANAGER

Lanier W. Dunn, CPA

CITY ATTORNEY

John Stephen Jenkins, Sr.

MUNICIPAL COURT JUDGE

Robert A. Johnson



CITY OF ELBERTON
P. O. Box 70
230 N. McIntosh Street
ELBERTON, GA 30635
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November 11, 2016

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, 2016, 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 4. 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 2010 U.S. Census, Elberton has a population of 4,653 while Elbert County has 20,166. 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, and voice-over-IP phone 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 and Council of the City.

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 120 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.

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. Elberton's Industrial Park is home to the nationally famous "Bubba Burger." "Bubba Burgers," made in Elberton, are shipped all over the eastern seaboard and Midwestern U.S.

The Downtown Development Authority has operated the Main Street Elberton organization for nearly twenty years. The City employs a full time director to manage the Main Street program and to work with businesses in the historic downtown area to plan and promote events that attract commerce to the downtown area. Main Street also recruits small businesses to occupy vacant commercial spaces in the area. Annually, Main Street 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 2016.

The City of Elberton began receiving proceeds from the 2011 special purpose local option sales tax in fiscal year 2012. This special sales tax, approved by Elbert County voters, was budgeted to fund \$3.8 million of capital projects over the next six years in the City of Elberton. The proceeds from the 2011 special purpose local option sales tax are scheduled to conclude in June of 2017. Several capital projects during fiscal year 2016 were funded by the 2011 sales tax. Included in these projects was the completion of a culvert replacement project on Lake Forest Drive. The City also used funds to replace a wooden footbridge and sidewalk in Sutton Park. Additionally, the sales tax funded two sewer rehabilitation projects. The first project consisted of a sewer pipe liner on Mill Street from the railroad to Prince Street and Martin Street to Second Street. The second sewer project consisted of a pipe liner on the Dogwood Lane line which parallels Lake Forest Drive.

The divisions of Elberton Utilities initiated several projects in fiscal year 2016 that are part of long term renewal plans. The electric division continues working on a system protection and coordination project to increase the safety, longevity and reliability of the city's electric grid. This rehabilitation included the reconductoring of electric distribution lines from the substation. Specifically, reconductoring of lines were completed from Substation 1 along Railroad Street to the end of the line, from Substation 1 along McIntosh Street to Elbert Street, and from Elbert Street to Thomas and Church Street. The water division in 2016 continued to make significant upgrades as well. These upgrades included a galvanized water main replacement in Mill Village area of Elberton and areas of McKinley, Cleveland, Hillcrest, South McIntosh, and East Tate Streets. The sewer division also initiated significant upgrades which included new aeration blowers with variable frequency drives, the refurbishment of four clarifiers and a new digester. The natural gas division has completed phase one and two of the natural gas bare steel main

replacement project in 2016 to rid the system of all the original bare steel lines installed in the 1950s to meet current safety and operating standards.

ElbertonNET continues to explore expansion possibilities within the rural areas of Elbert County. Additionally, ElbertonNET made upgrades to headend equipment during the fiscal year to accommodate higher bandwidth needs and Internet usage growth.

AWARDS AND ACKNOWLEDGEMENTS

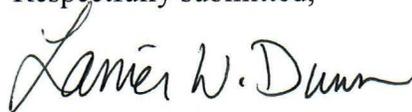
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elberton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, for the thirteenth consecutive 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

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Part II

Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements 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 and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elberton, Georgia, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 72 through 75, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elberton, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Elberton, Georgia's basic financial statements for the year ended June 30, 2015, which are not presented with the accompanying financial statements. In our report dated November 23, 2015, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elberton's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2015 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules related to the 2015 financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the 2015 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* in considering the City of Elberton's internal control over financial reporting.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 11, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Elberton is pleased to provide this narrative discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Elberton exceeded its liabilities at the close of the fiscal year by \$39.3 million (reported as "*net position*"). Of this amount, \$11.3 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,035,426 as a result of this year's activities.
- The City's governmental funds report combined ending fund balances of \$1,481,041. Approximately 55% of this amount, \$810,851, is available for spending at the City's discretion (*unassigned fund balance*), within the purposes of the funds.
- The City's proprietary funds report net position of \$33.6 million at the end of the fiscal year, an increase of \$3,075,821 as a result of the current year's operations.
- The City's liabilities totaled \$19.1 million on June 30, 2016. Most of these liabilities (74% or \$14.2 million) consist of revenue bonds, notes payable, 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 position* 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 position* 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. The City's *net position*, 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 position 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 position changed during the most recent fiscal year. All changes in net position 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 15-17 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 position* and the *statement of activities*) and *governmental funds* is described in a reconciliation following the fund financial statements. The City uses four governmental funds, of which the general fund is considered a major fund, whose basic financial statements can be found on pages 18-23 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 position* 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 are reported in the basic proprietary fund financial statements on pages 24-28 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 30. 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 30-71 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 19 and 21) 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:

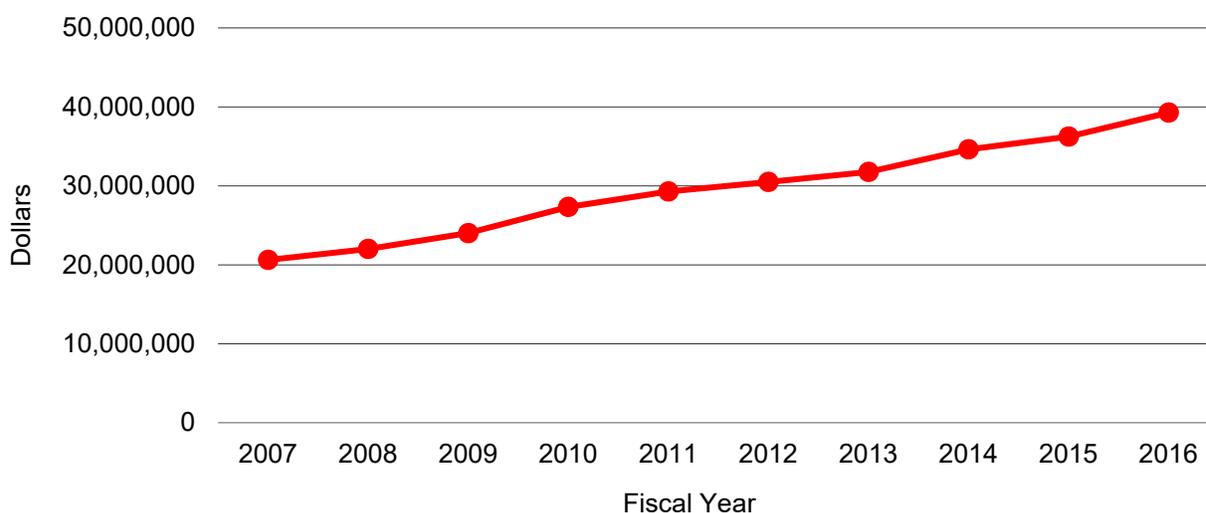
- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide 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 position 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 \$39,283,924 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 1,802	\$ 2,116	\$ 17,745	\$ 16,640	\$ 19,547	\$ 18,756
Net Capital Assets	5,093	5,246	33,488	27,774	38,581	33,020
Total Assets	6,895	7,362	51,233	44,414	58,128	51,776
Long-term Liabilities	869	692	12,614	9,361	13,483	10,053
Other Liabilities	498	354	5,165	4,008	5,663	4,362
Total Liabilities	1,367	1,046	17,779	13,369	19,146	14,415
Net investment in capital assets	4,699	4,794	19,533	18,677	24,232	23,471
Restricted Net Position	480	826	3,288	2,958	3,768	3,784
Unrestricted Net Position	508	108	10,775	8,886	11,283	8,994
Total Net Position	\$ 5,687	\$ 5,728	\$ 33,596	\$ 30,521	\$ 39,283	\$ 36,249

Total Net Position – Ten Fiscal Years



The largest portion of the City’s net position (62%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that are 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 position totaling \$3,767,810 is constrained by legal requirements and is not available for day-to-day operations of the City. The remaining balance of *unrestricted net position* (\$11,283,363) may be used to meet the City’s ongoing obligations to citizens and creditors. The portion of unrestricted net position from business-type activities was \$10,774,926

at the end of the fiscal year. The portion of unrestricted net position resulting from the City's governmental activities was \$508,437 at the close of the fiscal year.

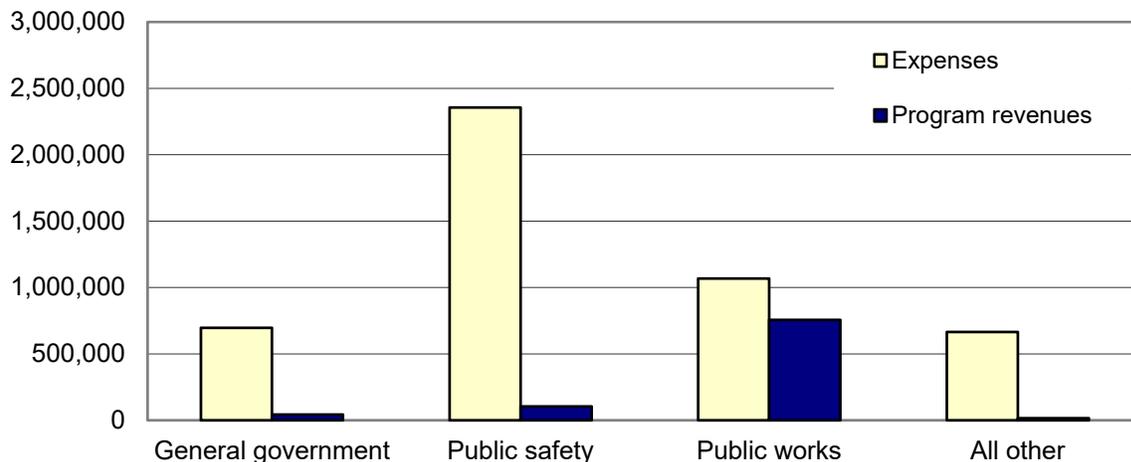
The City's net position increased by \$3,035,426 during the current fiscal year. Governmental activities resulted in a decrease in net position of \$40,395 while business-type activities resulted in an increase of net position of \$3,075,821. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the fiscal year.

City of Elberton
Changes in Net Position for the Fiscal Years ended June 30, 2016 and 2015
(in Thousands)

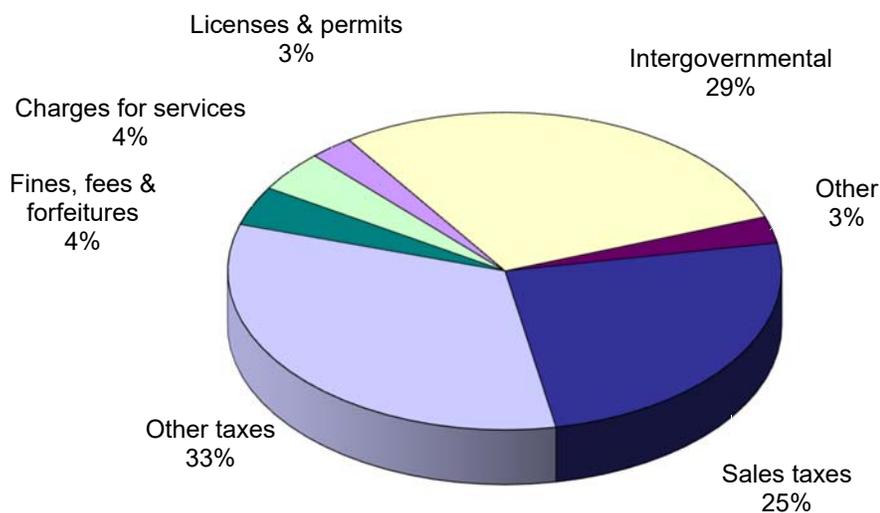
	Governmental		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 245	\$ 223	\$ 26,759	\$ 27,164	\$ 27,004	\$ 27,387
Operating Grants and Contributions	2	0	934	1,171	0	1,171
Capital Grants and Contributions	672	715	307	254	979	969
General Revenues:						
Taxes	1,336	1,291	0	0	1,336	1,291
Interest and Investment Earnings	2	2	153	119	155	121
Net change in the value of investments	0	0	177	6	0	0
Miscellaneous	60	47	12	37	72	84
Total Revenues	2,317	2,278	28,342	28,751	29,546	31,023
Expenses:						
General Government	696	661	0	0	696	661
Judicial	67	63	0	0	67	63
Public Safety	2,356	2,439	0	0	2,356	2,439
Public Works	1,067	966	0	0	1,067	966
Health and Welfare	66	60	0	0	66	60
Culture and Recreation	269	222	0	0	269	222
Housing and Development	254	252	0	0	254	252
Interest on long-term debt	9	10	0	0	0	10
Combined Public Utilities	0	0	18,255	19,415	18,255	19,415
ElbertonNET Technology Services	0	0	3,566	3,363	3,566	3,363
Solid Waste	0	0	805	817	805	817
Elbert Theatre	0	0	77	45	77	45
Elbert Hotel	0	0	137	0	137	0
Total Expenses	4,784	4,673	22,840	23,640	27,615	28,313
Indirect Cost Allocation	(623)	(593)	623	593	0	0
Increase (Dec) in Net Position						
Before Transfers	(1,844)	(1,802)	4,879	4,518	1,931	2,710
Transfers	1,803	2,345	(1,803)	(2,345)	0	0
Change in Net Position	(41)	543	3,076	2,173	3,035	2,716
Net Position - July 1	5,728	5,767	30,520	28,862	36,248	34,629
Prior Period Adjustments	0	(582)		(515)	0	(1,097)
Net Position - June 30	\$ 5,687	\$ 5,728	\$ 33,596	\$ 30,520	\$ 39,283	\$ 36,248

Governmental Activities. Governmental activities decreased the net position of the City by \$40,395. Revenues for the City’s governmental activities increased by 1.7% (\$37,823) over fiscal year 2015. Expenses for governmental activities increased by 2.4% (\$110,154) during fiscal year 2016.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



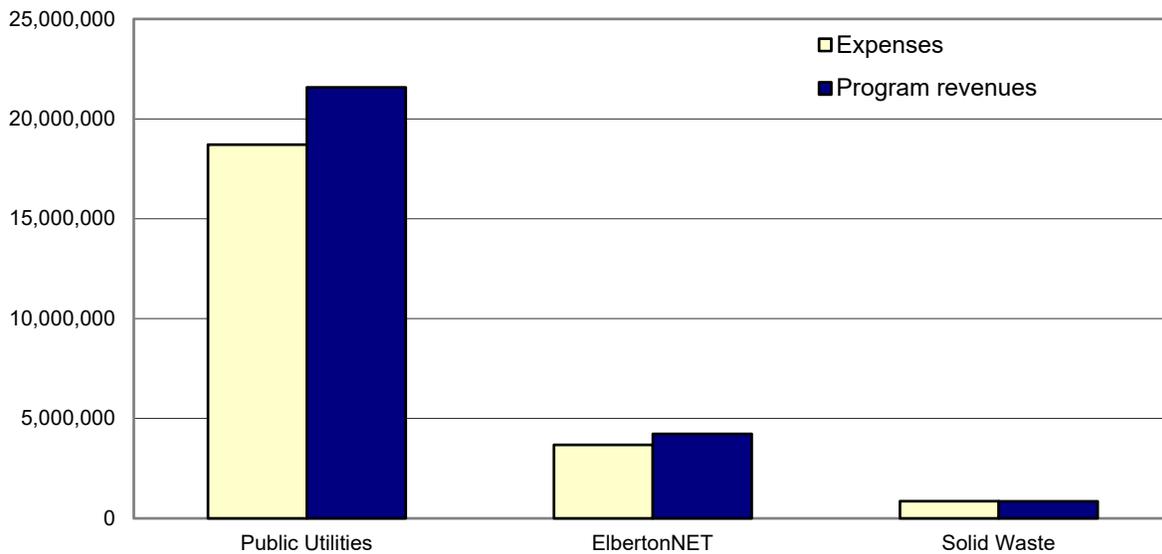
Business-type activities. Business-type activities increased the City’s net position by \$3,075,821. Key elements of this increase are as follows:

- Sales for business-type activities were \$26.7 million, which was a decrease of \$443,722 from the prior fiscal year sales.
- Sales in the combined public utility fund for electric, water, sewer, and natural gas services decreased by \$884,435 or 3.9% from last fiscal year. Electric sales decreased 1.5%, natural gas sales decreased by 17.9%, and water/sewer sales increased by 2.6%. Natural gas sales

decreased due to a 10% decrease in units sold compared to the previous year. This decrease in natural gas units sold for 2016 will be the second consecutive year of decreased consumption resulting from mild winter temperatures.

- Income in the combined public utility fund before transfers to the general fund was \$4.5 million, or 7% higher than last year’s income of \$4.2 million.
- The ElbertonNET technology services enterprise fund experienced sales of \$4,231,947, an increase of 12% over the prior year sales of \$3,790,767. This was primarily due to an increase in the customer base from a continued effort in recruitment of customers in existing service territory and small expansions into unserved areas of Elbert County.
- Sales for the Solid Waste operations totaled \$853,355 with only a \$467 increase over the prior fiscal year.

Expenses and Program Revenues – Business-type Activities



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, *unassigned 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 four governmental funds: the general fund, the 2011 special purpose local option sales tax (SPLOST) capital projects fund, the hotel/motel tax special revenue fund, and the revolving loan special revenue fund.

At the end of the current fiscal year, the City’s general fund reported an ending fund balance of \$1,007,493, an increase of \$163,547 or 19% in comparison with the prior year. Approximately 85% of this amount (\$859,995) constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is either (a) *nonspendable* to indicate that these amounts cannot be spent because they are either not in a spendable form such as inventory and prepaid insurance, (b) are legally or contractually *restricted* for a particular

purpose such as special purpose sales tax proceeds, or (c) are *assigned* for a particular purpose or project by management.

As a measure of the general fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 19% 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 transfer from the combined public utility enterprise fund was \$2,402,500 which is \$11,760 less than the transfer in fiscal year 2015.

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 position 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.

**City of Elberton Proprietary Funds
Net Position as of June 30, 2016**

	Combined Public Utility System	ElbertonNET Tech Services	All Other Proprietary	Total
Operating Revenues	\$ 21,591,668	\$ 4,231,947	\$ 947,587	\$ 26,771,202
Operating Expenses	18,484,433	3,664,635	929,219	23,078,287
Operating income (loss)	3,107,235	567,312	18,368	3,692,915
Non-operating income (loss)	1,039,488	(17,573)	(142,551)	879,364
Capital Contributions	306,822	0	351,982	658,804
Transfers in (out)	(2,190,262)	0	35,000	(2,155,262)
Change in net position	2,263,283	549,739	262,799	3,075,821
Net Position, July 1	29,646,418	916,012	(41,906)	30,520,524
Net Position, June 30	\$ 31,909,701	\$ 1,465,751	\$ 220,893	\$ 33,596,345

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 did not increase for the fiscal year. However, the amendment was to account for a one-time transfer of \$35,000 from the general fund to the solid waste fund in the fiscal year that was not originally budgeted.

General fund revenues ended the year at 1.1%, or \$24,422, below budget. Additionally, expenditures in the general fund were \$137,887, or 3%, 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, 2016, totals \$38,580,647 (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 broadband services. This total also includes \$377,692 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 \$7,549,471 in new capital assets. Investment for business-type activities totaled \$6,949,468 while \$600,003 was for governmental activities. Major capital asset events during the current fiscal year included the following:

Governmental Activities – \$600,003 total

- \$31,568 for the purchase of a lot adjacent to the public works department
- \$34,073 for the construction of a footbridge and sidewalk at Sutton Park
- \$131,688 for replacement rolling stock for several departments
- \$19,727 for new equipment at the fuel pumps at the motor pool
- \$382,947 for construction of the Lake Forest Drive culvert replacement project

Business-type Activities – \$6,949,468 total

- \$138,487 to complete construction on the Mill Street sewer rehabilitation project
- \$91,252 for a sewer main rehabilitation near Dogwood Lane
- \$1,063,504 for sewer plant improvements and upgrades to equipment
- \$57,071 to complete renovations and improvements at the water filter plant
- \$426,654 to replace old galvanized water mains along various city streets
- \$240,716 to reconductor and rehabilitate several electric circuits out of substation #1
- \$91,154 for new equipment for the electric department
- \$805,540 to fund the mandated replacement of natural gas bare steel mains
- \$85,345 for the purchase of a new bucket truck for ElbertonNET
- \$37,849 for the upgrade of headend equipment for ElbertonNET
- \$29,295 for the purchase of a new leaf vacuum for the solid waste division
- \$3,882,600 for the renovation of the Samuel Elbert Hotel

Additional information on the City's capital assets can be found in Note 8 on pages 50-52 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,210,000. This entire amount was for the Series 2011 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 broadband and cable television distribution system and to purchase vehicles. The balance of these leases at June 30, 2016 was \$2,870,940.

In addition to revenue bonds, the City has entered into several capital lease-purchase agreements to finance the construction of a broadband and cable television distribution system and to purchase vehicles. The balance of these leases at June 30, 2016 was \$2,870,940.

The City has two outstanding notes payable with the Georgia Environmental Facilities Authority for water system improvements and for sewer plants improvements. The balance of these notes at June 30, 2016 was \$2,796,205.

The City has entered into an intergovernmental agreement with the Elberton Downtown Development Authority (DDA) to finance renovations and improvements at the Samuel Elbert Hotel. A Revenue Note was issued by the DDA for this purpose, and due to the contractual obligation of the City to make these note payments, the note payable is recognized by the City in its Elbert Hotel Enterprise Fund. The balance of this note payable at June 30, 2016 was \$3,238,425.

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 10 on pages 53-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy remained stable in fiscal year 2016 with little to no growth over the prior year. Sales taxes for fiscal year 2016 increased approximately 9% over fiscal year 2015. Additionally, the local unemployment rate decreased to 6.7% in 2016 from 8.2% in 2015.

During 2016 the City's utility system did not experience any losses of its top customers. The businesses located in the Elberton Industrial Park continue to provide stable employment and are vital utility customers of the City. The City along with the Development Authority of Elbert County, Elberton, and Bowman will continue a vigorous recruitment of prospective industry for the industrial park.

Lack of economic growth in the area continues to affect the operations of the City. Stagnant population growth and no or 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's annual budget has been approximately the same amount for seven fiscal periods including fiscal year 2016 and the new fiscal year 2017.

The overall City budget for fiscal year 2017 increased by 4% over fiscal year 2016. There were no fee changes in the general fund for fiscal year 2017. Fees for residential solid waste and commercial solid waste collection were increased to help offset the cost of operations. Additionally, rates for ElbetonNET broadband television were increased as programing costs continue to rise. All other rates for City utilities and services will remain unchanged.

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

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 POSITION
June 30, 2016

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 900,810	\$ 1,650,628	\$ 2,551,438	\$ 12,226
Certificates of deposit	0	120,000	120,000	0
Investments	0	7,696,869	7,696,869	0
Restricted assets				
Cash	25	1,654,716	1,654,741	0
Investments	0	3,613,164	3,613,164	0
Receivables (net)				
Accounts	3,725	2,586,071	2,589,796	0
Taxes	71,259	0	71,259	0
Intergovernmental	88,600	0	88,600	0
Interest	0	216	216	0
Notes	50,575	0	50,575	0
Prepaid items	171,372	0	171,372	0
Inventories	16,101	552,148	568,249	0
Internal balances	147,498	(147,498)	0	0
Other current assets	0	19,158	19,158	0
Total current assets	1,449,965	17,745,472	19,195,437	12,226
Noncurrent assets				
Notes receivable	352,000	0	352,000	0
Capital assets				
Non-depreciable	1,111,798	6,513,671	7,625,469	40,000
Depreciable (net)	3,981,003	26,974,175	30,955,178	462,272
Total noncurrent assets	5,444,801	33,487,846	38,932,647	502,272
Total assets	6,894,766	51,233,318	58,128,084	514,498
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	60,193	53,620	113,813	0
Pension investment return differences	477,991	425,799	903,790	0
Pension contributions subsequent to measurement date	134,049	119,413	253,462	0
Total deferred outflows of resources	672,233	598,832	1,271,065	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	192,900	2,106,004	2,298,904	1,150
Intergovernmental	0	27,838	27,838	0
Retainages	18,031	528,657	546,688	0
Sales tax	0	47,496	47,496	0
Interest	0	32,789	32,789	0
Accrued salaries and expenses	96,742	69,297	166,039	0
Compensated absences	117,101	116,237	233,338	0
Customer deposits payable	0	2,598	2,598	0
Other current liabilities	13,251	46,786	60,037	0
Notes payable	0	74,769	74,769	86,507
Capital lease payable	59,588	486,494	546,082	0
Liabilities payable from restricted assets				
Customer deposits payable	0	737,514	737,514	0
Interest payable	0	73,843	73,843	0
Bonds payable	0	815,000	815,000	0
Total current liabilities	497,613	5,165,322	5,662,935	87,657

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	\$ 50,187	\$ 49,816	\$ 100,003	\$ 0
Net pension liability	244,984	218,235	463,219	0
Contractual liability	239,704	0	239,704	0
Notes payable	0	5,959,861	5,959,861	423,184
Capital lease payable	334,096	1,990,732	2,324,828	0
Bonds payable	0	4,395,000	4,395,000	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	868,971	12,613,644	13,482,615	423,184
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,366,584	17,778,966	19,145,550	510,841
	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES				
Pension experience differences	94,856	93,658	188,514	0
Pension assumption changes	224,105	199,635	423,740	0
Pension investment return differences	193,875	163,546	357,421	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	512,836	456,839	969,675	0
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Net investment in capital assets	4,699,117	19,533,634	24,232,751	(7,419)
Restricted for:				
MEAG Generation Trust	0	2,875,650	2,875,650	0
Public Safety	25		25	0
Housing and development	480,000	0	480,000	0
Debt service	0	412,135	412,135	0
Unrestricted	508,437	10,774,926	11,283,363	11,076
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	\$ 5,687,579	\$ 33,596,345	\$ 39,283,924	\$ 3,657
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF ELBERTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 696,460	\$ (493,185)	\$ 43,360	\$ 0	\$ 0	\$ (159,915)
Judicial	67,311	0	0	0	0	(67,311)
Public Safety	2,355,893	0	102,197	1,620	0	(2,252,076)
Public Works	1,067,173	(129,750)	83,133	0	672,356	(181,934)
Health and Welfare	65,687	0	0	0	0	(65,687)
Culture and Recreation	269,221	0	0	0	0	(269,221)
Housing and Development	253,670	0	15,703	0	0	(237,967)
Interest on long-term debt	8,891	0	0	0	0	(8,891)
Total governmental activities	<u>4,784,306</u>	<u>(622,935)</u>	<u>244,393</u>	<u>1,620</u>	<u>672,356</u>	<u>(3,243,002)</u>
Business-type activities						
Combined Public Utilities						
Electric	13,592,179	230,783	15,081,243	933,762	0	2,192,043
Water and Sewer	2,759,461	107,795	3,162,388	0	306,822	601,954
Natural Gas	1,903,129	115,851	3,335,754	0	0	1,316,774
ElbertonNET Technology						
Services	3,566,175	116,033	4,231,947	0	0	549,739
Solid Waste	804,982	52,473	853,355	0	0	(4,100)
Elbert Theatre	77,321	0	94,232	0	0	16,911
Elbert Hotel	137,102	0	0	0	0	(137,102)
Total business-type activities	<u>22,840,349</u>	<u>622,935</u>	<u>26,758,919</u>	<u>933,762</u>	<u>306,822</u>	<u>4,536,219</u>
Total primary government	<u>27,624,655</u>	<u>0</u>	<u>27,003,312</u>	<u>935,382</u>	<u>979,178</u>	<u>1,293,217</u>
Component Unit						
Downtown Development Authority						
	<u>101,462</u>	<u>0</u>	<u>17,273</u>	<u>1,449</u>	<u>0</u>	<u>(82,740)</u>
			Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position						
Net (expense) revenue			<u>\$ (3,243,002)</u>	<u>\$ 4,536,219</u>	<u>\$ 1,293,217</u>	<u>\$ (82,740)</u>
General revenues						
Taxes						
Title ad valorem			80,432	0	80,432	0
Sales			577,700	0	577,700	0
Franchise			98,172	0	98,172	0
Occupational			119,704	0	119,704	0
Insurance premium			263,786	0	263,786	0
Alcoholic beverage			136,212	0	136,212	0
Hotel/Motel			55,836	0	55,836	0
Other			4,465	0	4,465	0
Interest and investment earnings			2,435	152,902	155,337	0
Net increase (decrease) in the fair value of investments			0	177,697	177,697	0
Payments from City of Elberton			0	0	0	62,911
Gain (loss) on sale of assets			49,369	0	49,369	0
Miscellaneous			11,216	12,283	23,499	18,415
Transfers			1,803,280	(1,803,280)	0	0
Total general revenues and transfers			<u>3,202,607</u>	<u>(1,460,398)</u>	<u>1,742,209</u>	<u>81,326</u>
Change in net position			(40,395)	3,075,821	3,035,426	(1,414)
Net position - beginning			<u>5,727,974</u>	<u>30,520,524</u>	<u>36,248,498</u>	<u>5,071</u>
Net position - ending			<u>\$ 5,687,579</u>	<u>\$ 33,596,345</u>	<u>\$ 39,283,924</u>	<u>\$ 3,657</u>

CITY OF ELBERTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS			
Cash	\$ 742,605	\$ 158,205	\$ 900,810
Restricted assets			
Cash	25	0	25
Receivables (net)			
Accounts	3,725	0	3,725
Taxes	66,843	4,416	71,259
Intergovernmental	0	88,600	88,600
Notes	50,575	352,000	402,575
Prepaid items	131,372	40,000	171,372
Inventories	16,101	0	16,101
Due from other funds	184,222	0	184,222
	<u>1,195,468</u>	<u>643,221</u>	<u>1,838,689</u>
Total assets	\$ 1,195,468	\$ 643,221	\$ 1,838,689
LIABILITIES			
Accounts payable	\$ 42,982	\$ 149,918	\$ 192,900
Retainage	0	18,031	18,031
Accrued salaries and payroll liabilities	96,742	0	96,742
Due to other funds	35,000	1,724	36,724
Other liabilities	13,251	0	13,251
	<u>187,975</u>	<u>169,673</u>	<u>357,648</u>
Total liabilities	187,975	169,673	357,648
FUND BALANCES			
Nonspendable:			
Inventory	16,101	0	16,101
Prepaid items	131,372	40,000	171,372
Restricted for:			
Public Safety	25	0	25
Housing and Development	0	480,000	480,000
Assigned for:			
Housing and Development	0	2,692	2,692
Unassigned	859,995	(49,144)	810,851
	<u>1,007,493</u>	<u>473,548</u>	<u>1,481,041</u>
Total fund balances	1,007,493	473,548	1,481,041
	<u>\$ 1,195,468</u>	<u>\$ 643,221</u>	<u>\$ 1,838,689</u>
Total liabilities and fund balances	\$ 1,195,468	\$ 643,221	\$ 1,838,689

CITY OF ELBERTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2016

Total fund balance - total governmental funds \$ 1,481,041

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation 5,092,801

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Compensated absences	\$	(167,288)	
Capital leases payable		(393,684)	
Net pension liability		(244,984)	
Contractual liability		<u>(239,704)</u>	(1,045,660)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date		134,049	
Pension experience differences		60,193	
Pension investment return differences		477,991	

Deferred inflows of resources:

Pension experience differences		(94,856)	
Pension assumption changes		(224,105)	
Pension investment return differences		<u>(193,875)</u>	<u>159,397</u>

Net position of governmental activities \$ 5,687,579

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 1,280,471	\$ 55,837	\$ 1,336,308
Licenses and permits	58,890	0	58,890
Fines, fees and forfeitures	92,915	0	92,915
Charges for services	720,025	0	720,025
Intergovernmental	0	672,241	672,241
Interest	2,435	115	2,550
Contributions	1,625	0	1,625
Other	11,217	0	11,217
Total revenues	<u>2,167,578</u>	<u>728,193</u>	<u>2,895,771</u>
EXPENDITURES			
Current			
General Government	703,782	0	703,782
Judicial	70,554	0	70,554
Public Safety	2,339,551	0	2,339,551
Public Works	845,280	0	845,280
Health and Welfare	65,687	0	65,687
Culture and Recreation	163,982	0	163,982
Housing and Development	266,997	22,500	289,497
Capital outlay	0	747,542	747,542
Debt service	0	67,248	67,248
Total expenditures	<u>4,455,833</u>	<u>837,290</u>	<u>5,293,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,288,255)</u>	<u>(109,097)</u>	<u>(2,397,352)</u>
Other financing sources (uses)			
Transfers in	2,437,433	0	2,437,433
Transfers out	(35,000)	(247,171)	(282,171)
Sale of capital assets	49,369	0	49,369
Total other financing sources (uses)	<u>2,451,802</u>	<u>(247,171)</u>	<u>2,204,631</u>
Net change in fund balance	163,547	(356,268)	(192,721)
Fund balances, July 1	<u>843,946</u>	<u>829,816</u>	<u>1,673,762</u>
Fund balances, June 30	<u><u>\$ 1,007,493</u></u>	<u><u>\$ 473,548</u></u>	<u><u>\$ 1,481,041</u></u>

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, 2016

Net change in fund balances - total governmental funds \$ (192,721)

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.

Capital outlays	\$ 600,003	
Depreciation	<u>(401,367)</u>	198,636

Distributions of capital assets decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Business-type activities (351,982)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 178,732	
Cost of benefits earned net of employee contributions	<u>61,949</u>	240,681

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term

Proceeds from debt issuance	\$ 0	
Debt repayments	<u>58,357</u>	58,357

Payments of contractual liabilities are an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statements of net position.

Payment of contractual liabilities 8,668

Some expenses reported in the statements of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Change in compensated absences	<u>(2,034)</u>
Change in net position of governmental activities	<u><u>\$ (40,395)</u></u>

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, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 1,167,100	\$ 1,261,912	\$ 1,280,471	\$ 18,559
Licenses and permits	153,812	59,000	58,890	(110)
Fines, fees and forfeitures	137,400	135,800	92,915	(42,885)
Charges for services	723,188	720,688	720,025	(663)
Intergovernmental	2,500	0	0	0
Interest	2,500	2,500	2,435	(65)
Contributions	0	0	1,625	1,625
Other	5,500	12,100	11,217	(883)
Total revenues	2,192,000	2,192,000	2,167,578	(24,422)
EXPENDITURES				
Current				
General Government				
Mayor and Council	138,066	142,066	141,713	353
City Manager's Office	144,219	144,219	141,125	3,094
Finance	200,027	200,027	200,004	23
Human Resources	62,723	62,723	62,620	103
City Clerk	92,215	92,215	91,918	297
Elections	1,000	1,000	146	854
City Attorney	20,000	28,500	28,408	92
City Hall Maintenance	41,599	41,599	37,848	3,751
Judicial				
Municipal Court	65,751	70,651	70,554	97
Public Safety				
Police - Administration	324,517	324,517	312,063	12,454
Police - Uniform Division	958,004	887,204	869,294	17,910
Police - Criminal Investigations	145,032	145,032	144,768	264
Police - Community Relations	56,957	56,957	55,339	1,618
Police - Detention	31,500	31,500	27,045	4,455
Fire	887,256	887,256	884,751	2,505
Animal Control	56,504	56,504	46,291	10,213
Public Works				
Administrative	99,209	114,509	112,960	1,549
Infrastructure Maintenance	397,357	397,357	374,078	23,279
Parks and Rights-of-Way	57,700	57,700	54,132	3,568
Motor Pool	177,708	177,708	169,076	8,632
Street Lighting	29,000	29,000	22,858	6,142
Cemetery	127,197	127,197	112,176	15,021
Health and Welfare				
Agency allocations	63,500	65,700	65,687	13
Culture and Recreation				
Elbert Theatre	85,783	90,683	90,482	201
Agency allocations	73,500	73,500	73,500	0
Housing and Development				
Zoning/Special Projects	66,114	66,114	64,199	1,915
Code Enforcement	55,904	148,549	141,914	6,635
Economic Development	136,378	73,733	60,884	12,849
Total expenditures	4,594,720	4,593,720	4,455,833	137,887

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, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u>
				<u>Budget</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,402,720)	\$ (2,401,720)	\$ (2,288,255)	\$ 113,465
Other financing sources (uses)				
Transfers in (out)				
Transfers in	2,427,500	2,427,500	2,437,433	9,933
Transfers out	0	(35,000)	(35,000)	0
Sales of capital assets	10,000	10,000	49,369	39,369
Contingency	(34,780)	(780)	0	780
Total other financing sources (uses)	<u>2,402,720</u>	<u>2,401,720</u>	<u>2,451,802</u>	<u>50,082</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	163,547	163,547
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>843,946</u>	<u>843,946</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,007,493</u></u>	<u><u>\$ 1,007,493</u></u>

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Combined Public Utilities	ElbertonNET Technology Services	Elbert Hotel	Nonmajor Proprietary Funds	Totals
ASSETS					
Current assets					
Cash	\$ 1,628,128	\$ 0	\$ 0	\$ 22,500	\$ 1,650,628
Certificates of deposit	120,000	0	0	0	120,000
Investments	7,696,869	0	0	0	7,696,869
Restricted assets					
Cash	1,432,693	0	222,023	0	1,654,716
Investments	3,613,164	0	0	0	3,613,164
Receivables (net)					
Accounts	2,154,254	360,875	0	70,942	2,586,071
Interest	216	0	0	0	216
Inventories	499,189	51,413	0	1,546	552,148
Due from other funds	491,133	0	0	38,279	529,412
Other current assets	19,158	0	0	0	19,158
Total current assets	17,654,804	412,288	222,023	133,267	18,422,382
Noncurrent assets					
Other assets					
Advances to other funds	4,190,322	0	0	0	4,190,322
Capital assets					
Non-depreciable	2,312,067	6,900	4,170,804	23,900	6,513,671
Depreciable (net)	20,488,963	6,061,781	63,779	359,652	26,974,175
Total noncurrent assets	26,991,352	6,068,681	4,234,583	383,552	37,678,168
Total assets	44,646,156	6,480,969	4,456,606	516,819	56,100,550
DEFERRED OUTFLOWS OF RESOURCES					
Pension experience differences	40,053	5,568	0	7,999	53,620
Pension investment return differences	318,061	44,218	0	63,520	425,799
Pension contributions subsequent to measurement date	89,198	12,401	0	17,814	119,413
Total deferred outflows of resources	447,312	62,187	0	89,333	598,832
LIABILITIES					
Current liabilities					
Payables					
Accounts	1,550,182	156,152	392,468	7,202	2,106,004
Intergovernmental	0	27,838	0	0	27,838
Retainages	211,447	0	317,210	0	528,657
Sales tax	47,496	0	0	0	47,496
Interest	0	481	32,136	172	32,789
Accrued salaries	47,644	11,007	0	10,646	69,297
Compensated absences	90,207	14,513	0	11,517	116,237
Customer deposits payable	0	2,598	0	0	2,598
Other current liabilities	46,786	0	0	0	46,786
Due to other funds	187,501	0	261,379	228,030	676,910
Capital leases payable	226,112	221,128	0	39,254	486,494
Note payable	0	0	74,769	0	74,769
Liabilities payable from restricted assets:					
Customer deposits payable	737,514	0	0	0	737,514
Interest payable	73,843	0	0	0	73,843
Bonds payable	815,000	0	0	0	815,000
Total current liabilities	4,033,732	433,717	1,077,962	296,821	5,842,232

CITY OF ELBERTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Combined Public Utilities	ElbertonNET Technology Services	Elbert Hotel	Nonmajor Proprietary Funds	Totals
Noncurrent liabilities					
Compensated absences	\$ 38,660	\$ 6,220	\$ 0	\$ 4,936	\$ 49,816
Net pension liability	163,016	22,663	0	32,556	218,235
Advances from other funds	0	4,190,322	0	0	4,190,322
Notes payable	2,796,205	0	3,163,656	0	5,959,861
Bonds payable	4,395,000	0	0	0	4,395,000
Capital lease payable	1,415,906	377,042	0	197,784	1,990,732
Total noncurrent liabilities	8,808,787	4,596,247	3,163,656	235,276	16,803,966
Total liabilities	12,842,519	5,029,964	4,241,618	532,097	22,646,198
DEFERRED INFLOWS OF RESOURCES					
Pension experience differences	63,118	17,935	0	12,605	93,658
Pension assumption changes	149,123	20,731	0	29,781	199,635
Pension investment return differences	129,007	8,775	0	25,764	163,546
Total deferred inflows of resources	341,248	47,441	0	68,150	456,839
NET POSITION					
Net investment in capital assets	13,408,106	5,470,511	508,503	146,514	19,533,634
Restricted for:					
Debt service	412,135	0	0	0	412,135
MEAG Generation Trust	2,875,650	0	0	0	2,875,650
Unrestricted	15,213,810	(4,004,760)	(293,515)	(140,609)	10,774,926
Total net position	\$ 31,909,701	\$ 1,465,751	\$ 214,988	\$ 5,905	\$ 33,596,345

CITY OF ELBERTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Combined Public Utilities	ElbertonNET Technology Services	Elbert Hotel	Nonmajor Proprietary Funds	Totals
OPERATING REVENUES					
Charges for sales and services	\$ 21,579,385	\$ 4,231,947	\$ 0	\$ 947,587	\$ 26,758,919
Miscellaneous revenues	12,283	0	0	0	12,283
Total operating revenues	21,591,668	4,231,947	0	947,587	26,771,202
OPERATING EXPENSES					
Costs of sales and services	15,140,398	2,961,089	0	421,130	18,522,617
Personal services	2,095,485	378,376	0	444,680	2,918,541
Depreciation	1,218,770	305,110	0	63,409	1,587,289
Other	29,780	20,060	0	0	49,840
Total operating expenses	18,484,433	3,664,635	0	929,219	23,078,287
Operating income (loss)	3,107,235	567,312	0	18,368	3,692,915
Non-operating revenues (expenses)					
Interest revenue	152,794	0	108	0	152,902
Intergovernmental revenue	933,762	0	0	0	933,762
Net increase (decrease) in the fair value of investments	177,697	0	0	0	177,697
Interest expense	(214,265)	(17,573)	(45,358)	(5,557)	(282,753)
Debt issue costs	(10,500)	0	(91,744)	0	(102,244)
Total non-operating revenues (expenses)	1,039,488	(17,573)	(136,994)	(5,557)	879,364
Net income (loss) before capital contributions and transfers	4,146,723	549,739	(136,994)	12,811	4,572,279
Capital contributions					
Capital contributions	0	0	351,982	0	351,982
Intergovernmental	306,822	0	0	0	306,822
Total capital contributions	306,822	0	351,982	0	658,804
Net income (loss) before transfers	4,453,545	549,739	214,988	12,811	5,231,083
Transfers in (out)					
Transfers in	212,238	0	0	35,000	247,238
Transfers out	(2,402,500)	0	0	0	(2,402,500)
Total transfers	(2,190,262)	0	0	35,000	(2,155,262)
Change in net position	2,263,283	549,739	214,988	47,811	3,075,821
Net position, July 1	29,646,418	916,012	0	(41,906)	30,520,524
Net position, June 30	\$ 31,909,701	\$ 1,465,751	\$ 214,988	\$ 5,905	\$ 33,596,345

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Combined Public Utilities	ElbertonNET Technology Services	Elbert Hotel	Nonmajor Proprietary Funds	Totals
Cash flows from operating activities:					
Receipts from customers	\$ 21,418,201	\$ 4,239,771	\$ 0	\$ 965,578	\$ 26,623,550
Payments to suppliers	(15,176,704)	(2,948,929)	0	(440,440)	(18,566,073)
Payments to employees	(2,248,068)	(392,423)	0	(471,744)	(3,112,235)
Other receipts	12,283	0	0	0	12,283
Other payments	(29,780)	(20,060)	0	0	(49,840)
Net cash provided (used) by operating activities	<u>3,975,932</u>	<u>878,359</u>	<u>0</u>	<u>53,394</u>	<u>4,907,685</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	933,762	0	0	62,997	996,759
Receipts from other government	253,540	0	0	0	253,540
Payments to other funds	(2,402,500)	(460,116)	0	(1,771)	(2,864,387)
Net cash provided (used) by non-capital financing activities	<u>(1,215,198)</u>	<u>(460,116)</u>	<u>0</u>	<u>61,226</u>	<u>(1,614,088)</u>
Cash flows from capital and related financing activities:					
Receipts from other governments	306,822	0	0	0	306,822
Receipts from other funds	212,238	0	261,379	0	473,617
Payment of capital related accounts payable	(145,217)	0	0	0	(145,217)
Acquisition of capital assets	(2,434,410)	(123,193)	(3,172,923)	(29,295)	(5,759,821)
Debt issue costs	(10,500)	0	(91,744)	0	(102,244)
Interest paid	(223,796)	(17,794)	(13,223)	(5,585)	(260,398)
Issuance of notes payable	1,227,214	0	3,238,426	0	4,465,640
Principal payments - bonds	(785,000)	0	0	0	(785,000)
Principal payments - capital leases	(221,506)	(277,256)	0	(65,073)	(563,835)
Net cash provided (used) by capital and related financing activities	<u>(2,074,155)</u>	<u>(418,243)</u>	<u>221,915</u>	<u>(99,953)</u>	<u>(2,370,436)</u>
Cash flows from investing activities:					
Interest received	152,794	0	108	0	152,902
Proceeds from sale of investments	120,000	0	0	0	120,000
Purchase of investments	(1,619,615)	0	0	0	(1,619,615)
Net cash provided (used) by investing activities	<u>(1,346,821)</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>(1,346,713)</u>
Net increase (decrease) in cash	(660,242)	0	222,023	14,667	(423,552)
Cash, July 1	3,721,063	0	0	7,833	3,728,896
Cash, June 30	<u><u>\$ 3,060,821</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 222,023</u></u>	<u><u>\$ 22,500</u></u>	<u><u>\$ 3,305,344</u></u>

CITY OF ELBERTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Combined Public Utilities	ElbertonNET Technology Services	Elbert Hotel	Nonmajor Proprietary Funds	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 3,107,235	\$ 567,312	\$ 0	\$ 18,368	\$ 3,692,915
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	1,218,770	305,110	0	63,409	1,587,289
(Increase) decrease in accounts receivable	(197,431)	7,159	0	17,991	(172,281)
(Increase) decrease in inventories	(19,518)	20,567	0	(735)	314
(Increase) decrease in other current assets	2,756	0	0	0	2,756
(Increase) decrease in net pension asset/liability	337,860	46,991	0	69,786	454,637
(Increase) decrease in pension contributions made after measurement date	6,935	975	0	9,497	17,407
Increase (decrease) in accounts payable	(19,543)	(10,648)	0	(18,575)	(48,766)
Increase (decrease) in intergovernmental payable	0	2,241	0	0	2,241
Increase (decrease) in sales tax payable	(10,669)	0	0	0	(10,669)
Increase (decrease) in other current liabilities	17,005	0	0	0	17,005
Increase (decrease) in accrued salaries	12,285	4,343	0	1,281	17,909
Increase (decrease) in pension experience differences	(71,173)	(747)	0	(15,461)	(87,381)
Increase (decrease) in pension assumption differences	(391,582)	(10,247)	0	(17,627)	(419,456)
Increase (decrease) in pension investment return differences	(42,205)	(59,265)	0	(74,212)	(175,682)
Increase (decrease) in compensated absences payable	(4,704)	3,903	0	(328)	(1,129)
Increase (decrease) in customer deposits payable	29,911	665	0	0	30,576
Total adjustments	868,697	311,047	0	35,026	1,214,770
Net cash provided (used) by operating activities	\$ 3,975,932	\$ 878,359	\$ 0	\$ 53,394	\$ 4,907,685
Cash reconciliation:					
Cash	\$ 1,628,128	\$ 0	\$ 0	\$ 22,500	\$ 1,650,628
Restricted assets					
Cash	1,432,693	0	222,023	0	1,654,716
Total cash	\$ 3,060,821	\$ 0	\$ 222,023	\$ 22,500	\$ 3,305,344

Noncash investing, capital, and financing activities:

The net increase (decrease) in the fair value of investments totaled \$177,697.
Acquisition of capital assets through accounts payable totaled \$1,189,647.
Contributions of capital assets from the governmental activities totaled \$351,982.

CITY OF ELBERTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2016

	<u>Municipal Court Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>8,005</u>
LIABILITIES	
Due to other agencies	\$ <u><u>8,005</u></u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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, who are appointed by the Mayor and Council, 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, which constitutes a financial burden, with the City of Elberton. The City has assumed the obligation of providing the necessary contributions to fund any deficits from the operation of the Downtown Development Authority.

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 I). The Elberton Downtown Development Authority has a June 30th year-end. Individual financial statements may be obtained by contacting the Elberton Downtown Development Authority, PO Box 70, Elberton, GA 30635.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-wide Financial Statements, continued

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 Combined Public Utilities and ElbertonNET Technology Services Enterprise Funds and the other functions of the government. Elimination of these charges would distort the direct costs of program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 not accounted for and reported 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, high-speed Internet, Voice-over-Internet Protocol phone, and fiber optic-based telecommunications services.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Elbert Hotel Enterprise Fund - This fund is used to account for the activities connected with the construction and operations of the Samuel Elbert Hotel located in downtown Elberton.

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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

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. The principal operating revenues of the Water and Sewer and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services 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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

G. 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, 2016

2. Summary of Significant Accounting Policies (continued)

H. 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.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The City reports investments using net asset value (NAV) when NAV is calculated in a manner consistent with fair value measurement guidelines, fair value is not readily determinable, and it is not probable for the investment to be sold at an amount other than NAV.

I. 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 2016.

J. 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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

K. 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.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

M. 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. The City elected not to report general infrastructure assets placed into service prior to July 1, 1980.

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 acquisition cost on the date donated.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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

	Useful Life in Years	Capitalization 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
Land	N/A	1
Nondepreciable intangibles	N/A	5,000

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.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred out flows of resources related to their defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to their defined benefit pension plans.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

O. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

P. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Q. Restricted Assets and Restricted Net Position

Restricted assets for bond redemption of the Combined Utility System Enterprise Fund represent resources set aside for the repayment of revenue bonds outstanding. The assets are maintained in a separate bank account and their use is limited by application of bond covenants. Restricted assets for the MEAG Generation Trust represent resources held in separate investment accounts for future MEAG construction projects. See Note 3 for further discussion.

Restricted net position is 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 restricted net position.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds

The City of Elberton implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Elberton's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number, title, and date of original adoption. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 90 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. The City Manager has determined that all equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

S. 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 position. Bond premiums and discounts 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, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types, bond premiums and discounts 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.

T. 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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. Summary of Significant Accounting Policies (continued)

U. 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.

V. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

W. Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2016

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 AAAf rated money market funds. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. 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 the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

3. Deposit and Investment Risk (continued)

Georgia Fund 1 is rated AAf by Standard & Poor's. The weighted average maturity at June 30, 2016 was 42 days. At June 30, 2016, the City's balance in Georgia Fund 1 was \$1,463,360.

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 or Generation Trust Account fund in lieu of receiving a refund. The 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 generation trust account is used to offset the City's share of future MEAG generation projects.

The Municipal Competitive Trust accounts are held in the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios; these portfolios are not rated. At June 30, 2016, the average weighted maturity of the Intermediate, Intermediate Extended Maturity, and Short-term Portfolios were 18.3, 60.2, and 2.5 months, respectively. The investments in each of the funds consist primarily of debt securities such as U.S. Treasuries, U.S Agency obligations, municipal bonds, and time deposits with financial institutions. The funds in these accounts are invested in securities that are typically held to maturity. At June 30, 2016, the City's balances in the Voluntary Flexible Operating Accounts were \$8,434,383, and in the Generation Trust Accounts were \$2,875,650. The City of Elberton has no unfunded commitments or restriction on its ability to sell the investments in the Municipal Competitive Trust accounts.

Investments measured at net asset value at June 30, 2016 consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Municipal Competitive Trust	
Short-term Portfolio	\$ 815,833
Intermediate Portfolio	2,924,822
Intermediate Extended Portfolio	<u>7,569,378</u>
 Total Investments	 <u><u>\$ 11,310,033</u></u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

4. Accounts Receivable

Net accounts receivable at June 30, 2016 consist of the following:

Major Funds			
General	\$ 5,847		
Less: Allowance for Uncollectibles	<u>(2,122)</u>	\$	3,725
Enterprise funds			
Combined Public Utilities	2,477,014		
Less: Allowance for Uncollectibles	(322,760)		
ElbertonNET Technology Services	522,325		
Less: Allowance for Uncollectibles	<u>(161,450)</u>		2,515,129
Nonmajor Funds			
Solid Waste	90,102		
Less: Allowance for Uncollectibles	<u>(19,160)</u>		<u>70,942</u>
Total primary government		\$	<u><u>2,589,796</u></u>

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2016 consist of the following:

Nonmajor Funds	
2011 SPLOST Capital Projects	
Elbert County	<u><u>\$ 88,600</u></u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Combined Public Utilities	\$ 184,222
Combined Public Utilities	Elbert Hotel	261,379
	Nonmajor Proprietary	228,030
	Nonmajor Governmental	1,724
Nonmajor Proprietary	Combined Public Utilities	3,279
	General	35,000
		<hr/>
Subtotal		\$ 713,634
		<hr/> <hr/>

The balance reported as Due to/Due from represent loans between the borrower fund and the lender fund. The balance between the Combined Public Utility System Fund and the ElbertonNET Technology Services Fund resulted from transactions to fund 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:

<u>Transfer out Fund</u>	<u>Transfer in Fund</u>	<u>Amount</u>
General	Nonmajor Proprietary	\$ 35,000
Combined Public Utilities	General	2,402,500
Nonmajor Governmental	General	34,933
	Combined Public Utilities	212,238
Transfer of capital assets		
Governmental Activities	Elbert Hotel	351,982
		<hr/>
		\$ 3,036,653
		<hr/> <hr/>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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

Interfund transfers were 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.

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Combined Public Utilities Enterprise Fund includes \$56,522, \$10,442, and \$508,213 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 \$71,491 of intradepartmental billings for cable television and high-speed internet usage.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities				
Non-depreciable assets				
Land	\$ 697,283	\$ 31,568	\$ 0	\$ 728,851
Construction in progress	180,703	382,947	(180,703)	382,947
Total non-depreciable assets	<u>877,986</u>	<u>414,515</u>	<u>(180,703)</u>	<u>1,111,798</u>
Depreciable assets				
Buildings	2,314,289	0	(199,548)	2,114,741
Land improvements	1,141,279	34,072	0	1,175,351
Vehicles and equipment	3,007,492	151,416	(172,934)	2,985,974
Infrastructure	2,750,477	0	0	2,750,477
Total depreciable assets	<u>9,213,537</u>	<u>185,488</u>	<u>(372,482)</u>	<u>9,026,543</u>
Accumulated depreciation				
Buildings	(1,021,911)	(84,448)	28,269	(1,078,090)
Land improvements	(822,619)	(38,226)	0	(860,845)
Vehicles and equipment	(1,917,220)	(198,704)	172,934	(1,942,990)
Infrastructure	(1,083,626)	(79,989)	0	(1,163,615)
Total accumulated depreciation	<u>(4,845,376)</u>	<u>(401,367)</u>	<u>201,203</u>	<u>(5,045,540)</u>
Total depreciable assets, net	<u>4,368,161</u>	<u>(215,879)</u>	<u>(171,279)</u>	<u>3,981,003</u>
Governmental activities capital assets, net	<u>\$ 5,246,147</u>	<u>\$ 198,636</u>	<u>\$ (351,982)</u>	<u>\$ 5,092,801</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 277,835	\$ 107,500	\$ 0	\$ 385,335
Construction in progress	1,201,525	6,572,017	(2,022,898)	5,750,644
Intangible assets	377,692	0	0	377,692
Total non-depreciable assets	<u>1,857,052</u>	<u>6,679,517</u>	<u>(2,022,898)</u>	<u>6,513,671</u>
Depreciable assets				
Buildings	1,103,992	92,048	0	1,196,040
Land improvements	67,032	0	0	67,032
Distribution system	45,638,101	2,375,259	(19,948)	47,993,412
Vehicles and equipment	3,257,684	205,795	(251,132)	3,212,347
Total depreciable assets	<u>50,066,809</u>	<u>2,673,102</u>	<u>(271,080)</u>	<u>52,468,831</u>
Accumulated depreciation				
Buildings	(587,963)	(78,762)	0	(666,725)
Land improvements	(45,217)	(3,009)	0	(48,226)
Distribution system	(20,947,798)	(1,074,556)	19,948	(22,002,406)
Vehicles and equipment	(2,569,198)	(459,233)	251,132	(2,777,299)
Total accumulated depreciation	<u>(24,150,176)</u>	<u>(1,615,560)</u>	<u>271,080</u>	<u>(25,494,656)</u>
Total depreciable assets, net	<u>25,916,633</u>	<u>1,057,542</u>	<u>0</u>	<u>26,974,175</u>
Business-type activities capital assets, net	<u>\$ 27,773,685</u>	<u>\$ 7,737,059</u>	<u>\$ (2,022,898)</u>	<u>\$ 33,487,846</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the fiscal year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Depreciable assets				
Buildings	784,693	0	0	784,693
Less accumulated depreciation				
Buildings	(284,142)	(38,279)	0	(322,421)
Total depreciable assets, net	<u>500,551</u>	<u>(38,279)</u>	<u>0</u>	<u>462,272</u>
Downtown Development Authority Component Unit capital assets, net	<u>\$ 540,551</u>	<u>\$ (38,279)</u>	<u>\$ 0</u>	<u>\$ 502,272</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 22,967
Public Safety	139,310
Public Works	133,734
Culture and Recreation	96,575
Housing and Development	8,781
Total depreciation expense for governmental activities	<u>\$ 401,367</u>

Business-type activities

Combined Public Utilities	
Electric Department	\$ 281,793
Water and Sewer Department	784,529
Natural Gas Department	152,448
ElbertonNet Technology Services	305,110
Solid Waste	63,409
Total depreciation expense for business-type activities	<u>\$ 1,587,289</u>

Downtown Development Authority Component Unit	<u>\$ 38,279</u>
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CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

8. Capital Assets (continued)

	Primary Government		Component
	Governmental	Business-type	Unit
	Activities	Activities	Downtown Development Authority
Current year depreciation expense	\$ 401,367	\$ 1,587,289	\$ 38,279
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	0	28,271	0
Additions to accumulated depreciation	<u>\$ 401,367</u>	<u>\$ 1,615,560</u>	<u>\$ 38,279</u>

9. Capital and Operating Leases Agreements

The City has entered into lease-purchase agreements to finance the purchase of equipment and to finance the construction of broadband, gas line replacement, 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, 2016 are \$393,684 and \$2,477,226 for the governmental 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, 2016:

Year Ending June 30,	Governmental Activities	Business-type Activities
2017	\$ 67,248	\$ 534,251
2018	67,248	470,740
2019	67,248	381,755
2020	67,248	381,755
2021	67,248	361,700
2022-2023	84,060	505,446
Total minimum lease payments	420,300	2,635,647
Less amounts representing interest	(26,616)	(158,421)
Present value of minimum lease payments	<u>\$ 393,684</u>	<u>\$ 2,477,226</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

9. Capital and Operating Leases Agreements (continued)

Total assets leased under capital leases are \$569,774 and \$3,015,400 for governmental and business-type activities, respectively, and are classified as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Distribution system	\$ 0	\$ 0	\$ 2,241,442	\$ 149,937
Construction in progress	0	0	488,964	0
Vehicles and equipment	569,774	120,286	284,994	47,499
Total assets under capital leases	<u>\$ 569,774</u>	<u>\$ 120,286</u>	<u>\$ 3,015,400</u>	<u>\$ 197,436</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

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.

10. Long-Term Debt

Revenue Bonds

Revenue bonds issued for business-type activities are comprised of the following individual issues at June 30, 2016:

\$8,355,000 2011 Combined Utility System Refunding Revenue series bonds due in annual installments of \$740,000 to \$930,000 through January 1, 2022; interest at 2.725% (\$5,210,000 outstanding).

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

10. Long-Term Debt (continued)

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 815,000	\$ 141,973	\$ 956,973
2018	835,000	119,764	954,764
2019	855,000	97,010	952,010
2020	875,000	73,711	948,711
2021	900,000	49,867	949,867
2021-2023	930,000	25,343	955,343
Totals	<u>\$ 5,210,000</u>	<u>\$ 507,668</u>	<u>\$ 5,717,668</u>

Notes Payable

Business-type Activities

The City entered into an agreement the Georgia Environmental Finance Authority (GEFA) in the amount of \$2,500,000 for improvements to the City's water system. GEFA agrees to forgive \$500,000 of the loan if all funds are drawn. The City has drawn \$2,450,866 on this agreement and recognized \$481,221 in principal forgiveness. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 240 months; interest at 1.11%. Monthly installments will commence on November 1, 2016 (\$1,969,645 outstanding).

The City entered into a second agreement the Georgia Environmental Finance Authority (GEFA) in the amount of \$1,400,000 for improvements to the City's sewage system. GEFA agrees to forgive \$280,000 of the loan if all funds are drawn. The City has drawn \$1,033,201 on this agreement and recognized \$206,641 in principal forgiveness. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 239 months; interest at 1.63%. Monthly installments are expected to commence on July 1, 2017 (\$826,560 outstanding).

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

10. Long-Term Debt (continued)

Notes Payable, continued

The City entered into an agreement with Northeast Georgia Bank in the amount of \$4,900,000 for the City of Elberton Facility Redevelopment Project. The proceeds will be used by the City for the acquisition, installation, refurbishment, redevelopment and equipping of the hotel located at 4 South Public Square, Elberton, Georgia. The City has drawn \$3,238,425 on this agreement. Quarterly installments of interest began on April 15, 2016 and continue through December 2016. Monthly installments of principal and interest are due beginning on the 15th day of the calendar month following January 1, 2017 through December 2032 with interest at 4.75% through December 2020. Beginning January 1, 2021, the interest on the note will be the Prime Rate plus 1.5% through December 2025. On January 1, 2026, the interest will be the Prime Rate plus 1.5% through the termination date of the note.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 74,769	\$ 178,912	\$ 253,681
2018	279,620	181,220	460,840
2019	288,219	172,621	460,840
2020	297,174	163,666	460,840
2021	306,501	154,339	460,840
2022-2026	1,686,705	617,494	2,304,199
2027-2031	1,986,735	317,464	2,304,199
2032-2036	1,072,080	33,529	1,105,609
2037-2038	42,828	362	43,190
Totals	<u>\$ 6,034,630</u>	<u>\$ 1,819,606</u>	<u>\$ 7,854,236</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

10. Long-Term Debt (continued)

Notes Payable, continued

Elberton Downtown Development Authority Component Unit

The Elberton Downtown Development Authority has entered into a lending agreement with the City of Elberton to refinance a lending agreement with Pinnacle Bank in the original amount of \$65,000. At June 30, 2016, the balance of this note is \$50,575. Monthly installments of \$138 interest are due through May 31, 2016, unpaid principal and interest are due June 30, 2016; interest at 3.00%.

The Elberton Downtown Development Authority has entered into a lending agreement with the Georgia Department of Community Affairs to refinance a lending agreement with Pinnacle Bank in the original amount of \$180,854. At June 30, 2016, the balance of this note is \$107,116. Monthly installments of \$1,164 principal and interest are due through September 1, 2020, unpaid principal and interest are due October 1, 2020; interest at 2.00%.

The Elberton Downtown Development Authority has also entered into a lending agreement with the City of Elberton for improvements to the William O. Jones Building in the original amount of \$480,000. At June 30, 2016, the balance of this note is \$352,000. Monthly installments of \$2,000 are due through February 28, 2031; interest at 0.00%.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 86,507	\$ 2,033	\$ 88,540
2018	36,173	1,792	37,965
2019	36,419	1,547	37,966
2020	94,592	460	95,052
2021	24,000	0	24,000
2022-2026	120,000	0	120,000
2027-2031	112,000	0	112,000
Totals	<u>\$ 509,691</u>	<u>\$ 5,832</u>	<u>\$ 515,523</u>

Total interest incurred and expensed in the governmental activities and the business-type activities for the fiscal ended June 30, 2016 was \$8,891 and \$282,753, respectively.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

10. 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, 2016:

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>	<u>Due Within One Year</u>
Governmental Activities					
Contractual liability	\$ 248,372	\$ 0	\$ (8,668)	\$ 239,704	\$ 0
Capital lease obligations	452,041	0	(58,357)	393,684	59,588
Compensated absences	165,254	117,712	(115,678)	167,288	117,101
Total Governmental Activities	<u>\$ 865,667</u>	<u>\$ 117,712</u>	<u>\$ (182,703)</u>	<u>\$ 800,676</u>	<u>\$ 176,689</u>
Business-type Activities					
Revenue bonds	\$ 5,995,000	\$ 0	\$ (785,000)	\$ 5,210,000	\$ 815,000
Notes payable	1,568,990	4,465,640	0	6,034,630	74,769
Capital lease obligations	3,041,061	0	(563,835)	2,477,226	486,494
Compensated absences	167,182	115,900	(117,029)	166,053	116,237
Total Business-type Activities	<u>\$ 10,772,233</u>	<u>\$ 4,581,540</u>	<u>\$ (1,465,864)</u>	<u>\$ 13,887,909</u>	<u>\$ 1,492,500</u>
Downtown Development Authority Component Unit					
Notes payable	<u>\$ 546,540</u>	<u>\$ 0</u>	<u>\$ (36,849)</u>	<u>\$ 509,691</u>	<u>\$ 86,507</u>

Revenue bond 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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

11. Deficit Equity Balances

At June 30, 2016, the Solid Waste Enterprise Fund had a deficit net position of \$54,062. This is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The City plans to liquidate the deficit fund equity through the amortization of deferred inflows of resources over the next 3-5 years.

At June 30, 2016, the 2011 Special Purpose Local Option Sales Tax Capital Projects Fund had a deficit fund balance of \$9,144. This is due to timing differences between cash receipts and accruals of revenues and expenditures. The City plans to liquidate the deficit fund equity with future sales tax revenues.

12. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2016:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 131,372	\$ 40,000	\$ 171,372
Inventory	16,101	0	16,101
	<u>147,473</u>	<u>40,000</u>	<u>187,473</u>
Restricted for:			
Public Safety			
Police facilities and equipment	25	0	25
Housing and Development			
Downtown development	0	480,000	480,000
	<u>25</u>	<u>480,000</u>	<u>480,025</u>
Assigned for:			
Housing and Development			
Tourism and City promotion	0	2,692	2,692
	<u>0</u>	<u>2,692</u>	<u>2,692</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

13. 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.

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 City has recorded a contractual obligation to Elbert County of \$239,704. 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 Position.

14. 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.

The City has joined the Georgia Municipal Association (GMA) Group Self-Insurance Workers' Compensation Fund, a group self-insured program authorized by state statute and administered by GMA. The fund provides workers' compensation statutory coverage to local government entities in Georgia as an alternative to the standard commercial insurance market. The membership owns and controls the fund, resulting in dividends (or renewal credits) returned to the fund members, significantly reducing the cost of coverage for the membership. The cost of coverage is based on individual loss experience and underwriting.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

14. Risk Management and Self-Insurance

Membership includes proactive safety and risk control service which includes loss control field service, individual member problem analysis, and on-site and regional training. Workers' compensation claims are reported to and administered by GMA employees.

The City's deductible for workers' compensation claims is \$500,000. At June 30, 2016, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

15. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Elberton. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

At January 1, 2016, the date of the most recent actuarial valuation, there were 231 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	85
Terminated vested participants entitled to but not yet receiving benefits	26
Active participants	120
Total number of participants	231

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.25% - 1.75% with a ten year vesting schedule for terminations on or after January 1, 2001. The benefit formula is 1.00% - 1.75% with a ten year vesting schedule for terminations prior to January 1, 2001.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. The City's actuarially determined contribution rate for the fiscal year ended June 30, 2016 was \$365,616 or 8.04% of covered-employee payroll. The City's covered payroll for employees participating in the Plan as of January 1, 2016, (the most recent actuarial valuation date) was \$4,545,318 (based on covered earnings for the preceding year). The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the City reported a net pension liability of \$463,219. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended June 30, 2016, the City recognized pension income of \$120,050.

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,813	\$ (188,514)
Changes of assumptions	0	(423,740)
Net difference between projected and actual earnings on pension plan investments	903,790	(357,421)
City contributions subsequent to the measurement date	253,462	0
Totals	<u>\$ 1,271,065</u>	<u>\$ (969,675)</u>

The \$253,462 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2017	\$ (159,855)
2018	(159,855)
2019	141,692
2020	225,946
Totals	<u>\$ 47,928</u>

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.25%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	<u>100%</u>		

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/14	\$ 17,225,979	\$ 17,725,127	\$ (499,148)
Changes for the year:			
Service cost	185,301	0	185,301
Interest	1,299,615	0	1,299,615
Differences between expected and actual experience	151,751	0	151,751
Contributions—employer	0	358,930	(358,930)
Net investment income	0	221,538	(221,538)
Benefit payments, including refunds of employee contributions	(913,514)	(913,514)	0
Administrative expense	0	(24,006)	24,006
Other changes	(117,838)	0	(117,838)
Net changes	605,315	(357,052)	962,367
Balances at 9/30/15	\$ 17,831,294	\$ 17,368,075	\$ 463,219

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.75%	\$ 2,608,877
Current discount rate	7.75%	463,219
1% increase	8.75%	(1,322,909)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

15. Pension Plan (continued)

Other Plans. In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

16. 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 for the first 2% of compensation, then 50% of the employee's contributions for the next 4% of compensation, per year.

There is a cap of 4% of total compensation per eligible employee for City contributions. Employee contributions are vested 100% at the time of contribution. Employer contributions are vested on a schedule of 20% after the first year of service and an additional 20% each year thereafter; employer contributions are fully 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 fiscal year, the City contributed \$110,382 to the plan based on covered salaries of \$3,325,187. Plan members made voluntary contributions of \$167,913 to the plan. Total payroll was \$4,818,531.

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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

17. 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.

18. 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, 2016, follows:

Lodging tax receipts	\$ 55,837	
Disbursements to Chamber of Commerce, for Elbert Theatre, and for other tourism and visitor programs	\$ 57,433	103% of tax receipts

19. 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 Commission and is required to pay annual dues thereto. During fiscal year 2016, the city paid \$4,512 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC 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 RC. A copy of the NEGRC financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

19. Joint Ventures (continued)

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 2016, the City contributed \$0 in cash financing. A copy of the MANS unit financial statements can be obtained from Franklin County, Georgia, 141 Athens Street, Carnesville, Georgia 30521.

20. 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 no payments for services provided during fiscal year 2016.

21. 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 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 \$11,491,376 from MEAG during the fiscal year ended June 30, 2016. 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.

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

21. Commitments and Contingencies (continued)

Commitments, continued

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 four 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, 2016, the balance in this account was \$8,434,383. This amount is included in unrestricted investments in the Combined Public Utilities Fund. The generation trust account is used to offset the City’s share of future MEAG generation projects. As of June 30, 2016, the balance in this account was \$2,875,650. This amount is included in restricted investments in the Combined Public Utilities Fund.

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, 2016, were \$0 and \$1,323,464 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, 2016. At year-end, the City’s commitments with contractors are as follows:

Projects	Amount Expended To Date	Remaining Commitment
Water plant renovations and improvements	\$ 1,219,974	\$ 8,574
Sewer plant renovations and improvements	1,136,555	666,613
Bare steel gasline replacement project	1,307,701	233,185
Total	\$ 3,664,230	\$ 908,372

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

21. Commitments and Contingencies (continued)

Contingencies

The City has extended a nonexchange financial guarantee to the Development Authority of Elbert County, Elberton, and Bowman through an intergovernmental agreement dated July 1, 2010 whereby the City along with Elbert County Board of Commissioners agrees to provide credit support for the Authority to issue a taxable revenue bond in the amount of \$2,000,000 for the purpose of purchasing a manufacturing facility to be leased to MollerTech South, LLC. Pursuant to O.C.G.A. Section 48-5-350, the City has the power to levy and collect three mills per dollar on the assessed value of the taxable property in the City to provide for financial assistance to the Authority, which is the legal authority for extending the guarantee. The City and County have agreed to make payments to the Authority in amounts sufficient to enable the Authority to pay debt service on the bond in the event both the Company and its guarantor, MollerTech North America, Inc., default on their obligations to make lease payments. The City and County are each required to make one-half of such payments. The length of time of the guarantee is the later of (a) the final maturity date of the Bond or (b) the date that all amounts owing under the Bond have been paid. The final maturity date of the Bond is October 30, 2020. The intergovernmental contract provides that the City, or any defaulting party, may take whatever action at law or in equity may appear necessary or desirable to collect the contract payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County, the City or the Authority under the intergovernmental contract. The balance on the bond at June 30, 2016, was \$1,208,014, interest at 5.00% per annum. The Company was current on all lease payments at June 30, 2016, and the Authority was current on all bond payments at June 30, 2016. The City has a contingent liability at June 30, 2016, of \$604,007. A contingent liability is a possible obligation that arises from past events, and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City. The City does not recognize this potential obligation on its balance sheet because it is not probable that an outflow of resources will be required to settle the obligation.

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

CITY OF ELBERTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

22. New GASB Pronouncements

The City implemented GASB Statement No. 72 *Fair Value Measurement and Application* during the fiscal year ended June 30, 2016.

Required Supplementary Information



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CITY OF ELBERTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2016
(Unaudited)

	Fiscal Year End	
	2016	2015
Total pension liability		
Service cost	\$ 185,301	\$ 200,459
Interest	1,299,615	1,345,099
Differences between expected and actual experience	0	(358,709)
Changes of assumptions	151,751	(847,478)
Changes of benefit terms	(117,838)	0
Benefit payments, including refunds of employee contributions	(913,514)	(939,024)
Net change in total pension liability	605,315	(599,653)
Total pension liability - beginning	17,225,979	17,825,632
Total pension liability - ending (a)	\$ 17,831,294	\$ 17,225,979
Plan fiduciary net position		
Contributions - employer	\$ 358,930	\$ 348,379
Contributions - employee	0	0
Net investment income	221,538	1,863,860
Benefit payments, including refunds of employee contributions	(913,514)	(939,024)
Administrative expense	(24,006)	(19,423)
Other	0	0
Net change in total pension liability	(357,052)	1,253,792
Plan fiduciary net position - beginning	17,725,127	16,471,335
Plan fiduciary net position - ending (b)	\$ 17,368,075	\$ 17,725,127
Net pension liability (asset) - ending : (a) - (b)	\$ 463,219	\$ (499,148)
Plan's fiduciary net position as a percentage of the total pension liability	97.40%	102.90%
Covered-employee payroll	\$ 4,545,318	\$ 4,106,595
Net pension liability as a percentage of covered-employee payroll	10.19%	-12.15%

Note: Fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

CITY OF ELBERTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2016
(Unaudited)

	Fiscal Year End	
	2016	2015
Actuarially determined contribution	\$ 365,616	\$ 365,924
Contributions in relation to the actuarially determined contribution	(365,616)	(365,924)
Contribution deficiency (excess)	\$ 0	\$ 0
Covered-employee payroll	\$ 4,545,318	\$ 4,106,595
Contributions as a percentage of covered-employee payroll	8.04%	8.91%

Note: Fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

CITY OF ELBERTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 12 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 3.25%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

CITY OF ELBERTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

3. Changes in Benefits

There have been no changes in benefit provisions since GASB 68 implementation.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

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, 2016**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
	<u>Hotel/ Motel Tax</u>	<u>Revolving Loan</u>	<u>2011 SPLOST</u>	
ASSETS				
Cash	\$ 0	\$ 128,000	\$ 30,205	\$ 158,205
Receivables				
Taxes	4,416	0	0	4,416
Intergovernmental	0	0	88,600	88,600
Notes	0	352,000	0	352,000
Prepaid items	0	0	40,000	40,000
	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>40,000</u>
Total assets	<u>\$ 4,416</u>	<u>\$ 480,000</u>	<u>\$ 158,805</u>	<u>\$ 643,221</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payable				
Accounts payable	\$ 0	\$ 0	\$ 149,918	\$ 149,918
Retainage	0	0	18,031	18,031
Due to other funds	1,724	0	0	1,724
	<u>1,724</u>	<u>0</u>	<u>0</u>	<u>1,724</u>
Total liabilities	<u>1,724</u>	<u>0</u>	<u>167,949</u>	<u>169,673</u>
Fund balances				
Nonspendable - Prepaid items	0	0	40,000	40,000
Restricted for:				
Housing and Development	0	480,000	0	480,000
Assigned for Housing and Development	2,692	0	0	2,692
Unassigned	0	0	(49,144)	(49,144)
	<u>0</u>	<u>0</u>	<u>(49,144)</u>	<u>(49,144)</u>
Total fund balances	<u>2,692</u>	<u>480,000</u>	<u>(9,144)</u>	<u>473,548</u>
Total liabilities and fund balances	<u>\$ 4,416</u>	<u>\$ 480,000</u>	<u>\$ 158,805</u>	<u>\$ 643,221</u>

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
	<u>Hotel/ Motel Tax</u>	<u>Revolving Loan</u>	<u>2011 SPLOST</u>	
REVENUES				
Taxes	\$ 55,837	\$ 0	\$ 0	\$ 55,837
Intergovernmental	0	0	672,241	672,241
Interest	0	0	115	115
Total revenues	<u>55,837</u>	<u>0</u>	<u>672,356</u>	<u>728,193</u>
EXPENDITURES				
Current				
Housing and Development	22,500	0	0	22,500
Capital outlay	0	0	747,542	747,542
Debt service	0	0	67,248	67,248
Total expenditures	<u>22,500</u>	<u>0</u>	<u>814,790</u>	<u>837,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,337</u>	<u>0</u>	<u>(142,434)</u>	<u>(109,097)</u>
Other financing sources (uses)				
Transfers out	<u>(34,933)</u>	<u>0</u>	<u>(212,238)</u>	<u>(247,171)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,596)</u>	<u>0</u>	<u>(354,672)</u>	<u>(356,268)</u>
Fund balances, July 1	<u>4,288</u>	<u>480,000</u>	<u>345,528</u>	<u>829,816</u>
Fund balances, June 30	<u><u>\$ 2,692</u></u>	<u><u>\$ 480,000</u></u>	<u><u>\$ (9,144)</u></u>	<u><u>\$ 473,548</u></u>

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2016

	<u>Solid Waste</u>	<u>Elbert Theatre</u>	<u>Total Nonmajor Proprietary Funds</u>
ASSETS			
Current assets			
Cash	\$ 0	\$ 22,500	\$ 22,500
Receivables (net)			
Accounts	70,942	0	70,942
Inventories	0	1,546	1,546
Due from other funds	35,000	3,279	38,279
	<u>105,942</u>	<u>27,325</u>	<u>133,267</u>
Total current assets			
Noncurrent assets			
Capital assets			
Non-depreciable	23,900	0	23,900
Depreciable (net)	359,652	0	359,652
	<u>383,552</u>	<u>0</u>	<u>383,552</u>
Total noncurrent assets			
	<u>489,494</u>	<u>27,325</u>	<u>516,819</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	7,999	0	7,999
Pension investment return differences	63,520	0	63,520
Pension contributions subsequent to measurement date	17,814	0	17,814
	<u>89,333</u>	<u>0</u>	<u>89,333</u>
Total deferred outflows of resources			
LIABILITIES			
Current liabilities			
Payables			
Accounts	4,844	2,358	7,202
Interest	172	0	172
Accrued salaries	10,646	0	10,646
Compensated absences	11,517	0	11,517
Due to other funds	228,030	0	228,030
Capital leases payable	39,254	0	39,254
	<u>294,463</u>	<u>2,358</u>	<u>296,821</u>
Total current liabilities			

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2016

	Solid Waste	Elbert Theatre	Total Nonmajor Proprietary Funds
Noncurrent liabilities			
Compensated absences	\$ 4,936	\$ 0	\$ 4,936
Net pension liability	32,556	0	32,556
Capital lease payable	197,784	0	197,784
Total noncurrent liabilities	<u>235,276</u>	<u>0</u>	<u>235,276</u>
Total liabilities	<u>529,739</u>	<u>2,358</u>	<u>532,097</u>
DEFERRED INFLOWS OF RESOURCES			
Pension experience differences	12,605	0	12,605
Pension assumption changes	29,781	0	29,781
Pension investment return differences	25,764	0	25,764
Total deferred inflows of resources	<u>68,150</u>	<u>0</u>	<u>68,150</u>
NET POSITION			
Net investment in capital assets	146,514	0	146,514
Unrestricted	<u>(165,576)</u>	<u>24,967</u>	<u>(140,609)</u>
Total net position	<u>\$ (19,062)</u>	<u>\$ 24,967</u>	<u>\$ 5,905</u>

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Solid Waste	Elbert Theatre	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Charges for sales and services	\$ 853,355	\$ 94,232	\$ 947,587
OPERATING EXPENSES			
Costs of sales and services	363,152	57,978	421,130
Personal services	425,337	19,343	444,680
Depreciation	63,409	0	63,409
Total operating expenses	851,898	77,321	929,219
Operating income (loss)	1,457	16,911	18,368
Non-operating revenues (expenses)			
Interest expense	(5,557)	0	(5,557)
Net income (loss) before transfers	(4,100)	16,911	12,811
Transfers in (out)			
Transfers in	35,000	0	35,000
Change in net position	30,900	16,911	47,811
Net position, July 1	(49,962)	8,056	(41,906)
Net position, June 30	\$ (19,062)	\$ 24,967	\$ 5,905

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	<u>Solid Waste</u>	<u>Elbert Theatre</u>	<u>Total Nonmajor Proprietary Funds</u>
Cash flows from operating activities:			
Receipts from customers	\$ 871,346	\$ 94,232	\$ 965,578
Payments to suppliers	(381,989)	(58,451)	(440,440)
Payments to employees	(452,401)	(19,343)	(471,744)
	<u>36,956</u>	<u>16,438</u>	<u>53,394</u>
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Receipts from other funds	62,997	0	62,997
Payments to other funds	0	(1,771)	(1,771)
	<u>62,997</u>	<u>(1,771)</u>	<u>61,226</u>
Net cash provided (used) by non-capital financing activities			
Cash flows from capital and related financing activities:			
Interest paid	(5,585)	0	(5,585)
Acquisition of capital assets	(29,295)	0	(29,295)
Principal payments - capital leases	(65,073)	0	(65,073)
	<u>(99,953)</u>	<u>0</u>	<u>(99,953)</u>
Net cash provided (used) by capital and related financing activities			
Net increase (decrease) in cash	0	14,667	14,667
Cash, July 1	0	7,833	7,833
Cash, June 30	<u>\$ 0</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>

CITY OF ELBERTON, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	<u>Solid Waste</u>	<u>Elbert Theatre</u>	<u>Total Nonmajor Proprietary Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,457	\$ 16,911	\$ 18,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	63,409	0	63,409
(Increase) decrease in accounts receivable	17,991	0	17,991
(Increase) decrease in inventories	0	(735)	(735)
(Increase) decrease in net pension asset/liability	69,786	0	69,786
(Increase) decrease in pension contributions made after measurement date	9,497		9,497
Increase (decrease) in accounts payable	(18,837)	262	(18,575)
Increase (decrease) in accrued salaries	1,281	0	1,281
Increase (decrease) in pension experience differences	(15,461)	0	(15,461)
Increase (decrease) in pension assumption differences	(17,627)	0	(17,627)
Increase (decrease) in pension investment return differences	(74,212)	0	(74,212)
Increase (decrease) in compensated absences payable	(328)	0	(328)
Total adjustments	<u>35,499</u>	<u>(473)</u>	<u>35,026</u>
Net cash provided (used) by operating activities	<u>\$ 36,956</u>	<u>\$ 16,438</u>	<u>\$ 53,394</u>

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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 742,605	\$ 667,095
Restricted assets		
Cash	25	25
Receivables (net)		
Accounts	3,725	3,538
Taxes	66,843	69,072
Notes	50,575	50,575
Prepaid items	131,372	123,626
Inventory, at cost	16,101	23,360
Due from other funds	184,222	82,470
	<u>1,195,468</u>	<u>1,019,761</u>
Total assets	<u>\$ 1,195,468</u>	<u>\$ 1,019,761</u>
LIABILITIES		
Accounts payable	\$ 42,982	\$ 63,239
Accrued salaries and payroll liabilities	96,742	81,975
Due to other funds	35,000	16,000
Other liabilities	13,251	14,601
	<u>187,975</u>	<u>175,815</u>
Total liabilities	<u>187,975</u>	<u>175,815</u>
FUND BALANCES		
Nonspendable:		
Inventory	16,101	23,360
Prepaid items	131,372	123,626
Restricted for public safety	25	25
Unassigned	859,995	696,935
	<u>1,007,493</u>	<u>843,946</u>
Total fund balances	<u>1,007,493</u>	<u>843,946</u>
Total liabilities and fund balances	<u>\$ 1,195,468</u>	<u>\$ 1,019,761</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Taxes	\$ 1,280,471	\$ 1,242,162
Licenses and permits	58,890	57,350
Fines, fees and forfeitures	92,915	108,590
Charges for services	720,025	650,708
Intergovernmental	0	9,999
Interest	2,435	2,095
Contributions	1,625	420
Other	11,217	9,368
	<u>2,167,578</u>	<u>2,080,692</u>
Total revenues		
EXPENDITURES		
Current		
General Government	703,782	672,278
Judicial	70,554	66,599
Public Safety	2,339,551	2,437,382
Public Works	845,280	915,303
Health and Welfare	65,687	60,275
Culture and Recreation	163,982	154,024
Housing and Development	266,997	242,567
	<u>4,455,833</u>	<u>4,548,428</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>(2,288,255)</u>	<u>(2,467,736)</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Fund	34,933	22,292
Combined Public Utility System Fund	2,402,500	2,414,260
Solid Waste Fund	(35,000)	(16,000)
Sale of capital assets	49,369	38,113
	<u>2,451,802</u>	<u>2,458,665</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	163,547	(9,071)
Fund balances, July 1	<u>843,946</u>	<u>853,017</u>
Fund balances, June 30	<u>\$ 1,007,493</u>	<u>\$ 843,946</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes				
Intangibles tax	\$ 6,000	\$ 4,465	\$ (1,535)	\$ 3,739
Franchise tax	94,812	98,172	3,360	90,654
Occupational tax	116,100	119,704	3,604	117,607
Insurance premium tax	250,000	263,786	13,786	246,913
Title ad valorem tax	105,000	80,432	(24,568)	102,458
Liquor tax	20,000	22,441	2,441	19,366
Beer and wine tax	125,000	113,771	(11,229)	132,047
Local option sales tax	545,000	577,700	32,700	529,378
Total taxes	<u>1,261,912</u>	<u>1,280,471</u>	<u>18,559</u>	<u>1,242,162</u>
Licenses and permits				
Building permits	15,000	15,103	103	15,278
Alcoholic beverage licenses	40,000	38,250	(1,750)	37,250
Other permits	4,000	5,537	1,537	4,822
Total licenses and permits	<u>59,000</u>	<u>58,890</u>	<u>(110)</u>	<u>57,350</u>
Fines, fees and forfeitures				
Parking fines	200	110	(90)	15
Court and DUI fines	132,600	89,805	(42,795)	105,575
Probation fees	3,000	3,000	0	3,000
Total fines, fees, and forfeitures	<u>135,800</u>	<u>92,915</u>	<u>(42,885)</u>	<u>108,590</u>
Charges for services				
Reimbursement of joint expenses	613,654	622,936	9,282	592,714
Cemetery sales and services	60,000	82,173	22,173	37,279
Public safety	18,500	8,036	(10,464)	14,866
Other	28,534	6,880	(21,654)	5,849
Total charges for services	<u>720,688</u>	<u>720,025</u>	<u>(663)</u>	<u>650,708</u>
Intergovernmental				
Grants	0	0	0	9,999
Interest	<u>2,500</u>	<u>2,435</u>	<u>(65)</u>	<u>2,095</u>
Contributions	<u>0</u>	<u>1,625</u>	<u>1,625</u>	<u>420</u>
Other				
Miscellaneous	12,100	11,217	(883)	9,368
Total revenues	<u>\$ 2,192,000</u>	<u>\$ 2,167,578</u>	<u>\$ (24,422)</u>	<u>\$ 2,080,692</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 93,538	\$ 96,589	\$ (3,051)	\$ 98,922
Contractual services	48,028	45,107	2,921	41,836
Materials and supplies	500	17	483	62
Total Mayor and Council	<u>142,066</u>	<u>141,713</u>	<u>353</u>	<u>140,820</u>
City Manager's Office				
Personal services	136,849	136,682	167	132,618
Contractual services	6,370	3,637	2,733	2,861
Materials and supplies	1,000	806	194	426
Total City Manager's Office	<u>144,219</u>	<u>141,125</u>	<u>3,094</u>	<u>135,905</u>
Finance				
Personal services	147,987	147,002	985	144,769
Contractual services	50,940	51,441	(501)	47,854
Materials and supplies	1,100	1,561	(461)	967
Total Finance	<u>200,027</u>	<u>200,004</u>	<u>23</u>	<u>193,590</u>
Human Resources				
Personal services	52,211	51,396	815	50,279
Contractual services	9,012	8,132	880	6,354
Materials and supplies	1,500	3,092	(1,592)	1,652
Total Human Resources	<u>62,723</u>	<u>62,620</u>	<u>103</u>	<u>58,285</u>
City Clerk				
Personal services	86,815	87,231	(416)	83,803
Contractual services	800	575	225	525
Materials and supplies	4,600	4,112	488	3,898
Total City Clerk	<u>92,215</u>	<u>91,918</u>	<u>297</u>	<u>88,226</u>
Elections				
Personal services	500	0	500	0
Contractual services	400	146	254	55
Materials and supplies	100	0	100	0
Total Elections	<u>1,000</u>	<u>146</u>	<u>854</u>	<u>55</u>
City Attorney				
Personal services	0	0	0	4,808
Contractual services	28,500	28,408	92	10,128
Total City Attorney	<u>28,500</u>	<u>28,408</u>	<u>92</u>	<u>14,936</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
General Government - continued				
City Hall Maintenance				
Contractual services	\$ 29,939	\$ 29,179	\$ 760	\$ 29,029
Materials and supplies	11,660	8,669	2,991	11,432
Total City Hall Maintenance	41,599	37,848	3,751	40,461
Total General Government	712,349	703,782	8,567	672,278
Judicial				
Municipal Court				
Personal services	65,039	65,084	(45)	59,707
Contractual services	5,612	5,470	142	6,892
Total Judicial	70,651	70,554	97	66,599
Public Safety				
Police - Administration				
Personal services	149,661	143,793	5,868	143,256
Contractual services	151,762	145,520	6,242	171,470
Materials and supplies	23,094	22,750	344	23,225
Capital outlay	0	0	0	9,129
Payments to others	0	0	0	16,000
Total Police - Administration	324,517	312,063	12,454	363,080
Police - Uniform Division				
Personal services	814,804	805,910	8,894	841,434
Contractual services	20,000	16,622	3,378	24,575
Materials and supplies	52,400	46,762	5,638	52,093
Total Police - Uniform Division	887,204	869,294	17,910	918,102
Police - Criminal Investigations				
Personal services	134,265	135,607	(1,342)	119,113
Contractual services	3,124	1,747	1,377	2,341
Materials and supplies	7,643	7,414	229	3,164
Total Police - Criminal Investigations	145,032	144,768	264	124,618
Police - Community Relations				
Personal services	53,957	53,094	863	52,306
Contractual services	250	0	250	0
Materials and supplies	2,750	2,245	505	1,317
Total Police - Community Relations	56,957	55,339	1,618	53,623

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Public Safety - continued				
Police - Detention				
Contractual services	\$ 31,500	\$ 27,045	\$ 4,455	\$ 33,886
Fire				
Personal services	833,187	843,431	(10,244)	830,396
Contractual services	28,986	23,779	5,207	41,774
Materials and supplies	25,083	17,541	7,542	23,547
Total Fire	<u>887,256</u>	<u>884,751</u>	<u>2,505</u>	<u>895,717</u>
Animal Control				
Personal services	46,576	38,978	7,598	42,137
Contractual services	5,578	4,103	1,475	2,756
Materials and supplies	4,350	3,210	1,140	3,463
Total Animal Control	<u>56,504</u>	<u>46,291</u>	<u>10,213</u>	<u>48,356</u>
Total Public Safety	<u>2,388,970</u>	<u>2,339,551</u>	<u>49,419</u>	<u>2,437,382</u>
Public Works				
Administrative				
Personal services	54,358	59,069	(4,711)	60,889
Contractual services	29,032	29,109	(77)	31,566
Materials and supplies	21,119	16,114	5,005	19,108
Payments to others	10,000	8,668	1,332	0
Total Administration	<u>114,509</u>	<u>112,960</u>	<u>1,549</u>	<u>111,563</u>
Infrastructure Maintenance				
Personal services	344,049	315,332	28,717	263,672
Contractual services	12,342	12,666	(324)	11,883
Materials and supplies	40,966	28,223	12,743	36,321
Capital outlay	0	17,857	(17,857)	109,346
Total Infrastructure Maintenance	<u>397,357</u>	<u>374,078</u>	<u>23,279</u>	<u>421,222</u>
Parks and Rights-of-Way				
Contractual services	52,200	49,061	3,139	50,191
Materials and supplies	5,500	5,071	429	3,016
Total Parks and Rights of Way	<u>57,700</u>	<u>54,132</u>	<u>3,568</u>	<u>53,207</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Public Works - continued				
Motor Pool				
Personal services	\$ 99,950	\$ 94,090	\$ 5,860	\$ 97,401
Contractual services	37,951	38,172	(221)	49,925
Materials and supplies	28,794	26,012	2,782	26,324
Capital outlay	11,013	10,802	211	5,890
Total Motor Pool	<u>177,708</u>	<u>169,076</u>	<u>8,632</u>	<u>179,540</u>
Street Lighting				
Contractual services	15,000	14,190	810	8,494
Materials and supplies	14,000	8,668	5,332	13,266
Total Street Lighting	<u>29,000</u>	<u>22,858</u>	<u>6,142</u>	<u>21,760</u>
Cemetery				
Personal services	76,549	57,380	19,169	81,758
Contractual services	40,858	49,612	(8,754)	35,560
Materials and supplies	9,790	5,184	4,606	10,693
Total Cemetery	<u>127,197</u>	<u>112,176</u>	<u>15,021</u>	<u>128,011</u>
Total Public Works	<u>903,471</u>	<u>845,280</u>	<u>58,191</u>	<u>915,303</u>
Health and Welfare				
Agency allocations				
Elbert County Hospital Authority	58,200	58,187	13	52,775
Community Partnership	1,500	1,500	0	1,500
Elbert County Aging Program	6,000	6,000	0	6,000
Total Health and Welfare	<u>65,700</u>	<u>65,687</u>	<u>13</u>	<u>60,275</u>
Culture and Recreation				
Elbert Theatre				
Personal services	56,990	56,650	340	53,255
Contract services	16,293	20,256	(3,963)	13,654
Materials and supplies	17,400	13,576	3,824	16,615
Total Elbert Theatre	<u>90,683</u>	<u>90,482</u>	<u>201</u>	<u>83,524</u>
Agency allocations				
Library	66,000	66,000	0	63,000
Sister City Program	7,500	7,500	0	7,500
Total agency allocations	<u>73,500</u>	<u>73,500</u>	<u>0</u>	<u>70,500</u>
Total Culture and Recreation	<u>164,183</u>	<u>163,982</u>	<u>201</u>	<u>154,024</u>

CITY OF ELBERTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Housing and Development				
Zoning/City Marshal				
Personal services	\$ 60,282	\$ 60,348	\$ (66)	\$ 58,207
Contractual services	2,260	2,072	188	1,947
Materials and supplies	3,072	1,779	1,293	2,310
Payments to others	500	0	500	0
Total Zoning/Special Projects	<u>66,114</u>	<u>64,199</u>	<u>1,915</u>	<u>62,464</u>
Code Enforcement				
Personal services	52,115	48,196	3,919	49,610
Contractual services	94,768	61,461	33,307	59,256
Materials and supplies	1,666	689	977	1,071
Capital outlay	0	31,568	(31,568)	1,651
Total Code Enforcement	<u>148,549</u>	<u>141,914</u>	<u>6,635</u>	<u>111,588</u>
Economic Development				
Mainstreet Elberton	<u>73,733</u>	<u>60,884</u>	<u>12,849</u>	<u>68,515</u>
Total Housing and Development	<u>288,396</u>	<u>266,997</u>	<u>21,399</u>	<u>242,567</u>
Total expenditures	<u><u>\$ 4,593,720</u></u>	<u><u>\$ 4,455,833</u></u>	<u><u>\$ 137,887</u></u>	<u><u>\$ 4,548,428</u></u>

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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 trade and tourism in the City of Elberton.*

Revolving Loan Fund – *This fund is used to record activities connected with US Department of Housing and Urban Development Community Development Block Grant. The objective of the grant is to develop employment opportunities, principally to persons of low and moderate income.*

CITY OF ELBERTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Taxes receivable	\$ 4,416	\$ 4,288
LIABILITIES		
Due to other funds	\$ 1,724	\$ 0
FUND BALANCES		
Assigned for Housing and Development	2,692	4,288
Total liabilities and fund balances	\$ 4,416	\$ 4,288

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, 2016

(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 50,000	\$ 55,837	\$ 5,837	\$ 49,138
EXPENDITURES				
Current				
Housing and Development				
Elbert Theatre				
Contract services	5,000	2,500	2,500	5,427
Chamber of Commerce				
Payments to other agencies	20,000	20,000	0	20,000
Total expenditures	<u>25,000</u>	<u>22,500</u>	<u>2,500</u>	<u>25,427</u>
Excess (deficiency) of revenues over (under) expenditures	25,000	33,337	8,337	23,711
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>(25,000)</u>	<u>(34,933)</u>	<u>(9,933)</u>	<u>(22,292)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,596)	(1,596)	1,419
Fund balances, July 1	<u>0</u>	<u>4,288</u>	<u>4,288</u>	<u>2,869</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 2,692</u></u>	<u><u>\$ 2,692</u></u>	<u><u>\$ 4,288</u></u>

CITY OF ELBERTON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 128,000	\$ 104,000
Notes receivable	352,000	376,000
Total assets	\$ 480,000	\$ 480,000
 FUND BALANCES		
Restricted for Housing and Development	\$ 480,000	\$ 480,000

CITY OF ELBERTON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 24,000	\$ 0	\$ (24,000)	\$ 0
EXPENDITURES				
Current				
Housing and Development	24,000	0	24,000	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, July 1	0	480,000	480,000	480,000
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 480,000</u>	<u>\$ 480,000</u>	<u>\$ 480,000</u>

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CAPITAL PROJECTS FUND

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).

2011 Special Purpose Local Option Sales Tax Fund - *This fund is used to account for long-term projects financed by the passage of the 2011 special purpose local option sales tax.*

CITY OF ELBERTON, GEORGIA
2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 30,205	\$ 272,537
Intergovernmental receivable	88,600	93,022
Prepaid items	<u>40,000</u>	<u>0</u>
Total assets	<u>\$ 158,805</u>	<u>\$ 365,559</u>
 LIABILITIES		
Payables		
Accounts	\$ 149,918	\$ 20,031
Retainage	<u>18,031</u>	<u>0</u>
Total liabilities	<u>167,949</u>	<u>20,031</u>
 FUND BALANCES		
Nonspendable:		
Prepaid items	40,000	0
Restricted for capital projects	0	345,528
Unassigned	<u>(49,144)</u>	<u>0</u>
Total fund balances	<u>(9,144)</u>	<u>345,528</u>
Total liabilities and fund balances	<u>\$ 158,805</u>	<u>\$ 365,559</u>

CITY OF ELBERTON, GEORGIA
2011 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Intergovernmental	\$ 672,241	\$ 639,237
Interest	115	156
Other	0	3,818
	<u>672,356</u>	<u>643,211</u>
Total revenues		
	<u>672,356</u>	<u>643,211</u>
EXPENDITURES		
Capital outlay		
Public Safety	126,434	77,868
Public Works	577,064	149,006
Culture and Recreation	44,044	556,498
Debt service		
Public Safety	67,248	67,248
	<u>67,248</u>	<u>67,248</u>
Total expenditures		
	<u>814,790</u>	<u>850,620</u>
Excess (deficiency) of revenues over (under) expenditures	(142,434)	(207,409)
Other financing sources (uses)		
Transfers in (out)		
Combined Utilities Fund	(212,238)	(44,047)
	<u>(212,238)</u>	<u>(44,047)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(354,672)	(251,456)
Fund balances, July 1	345,528	596,984
	<u>345,528</u>	<u>596,984</u>
Fund balances, June 30	<u>\$ (9,144)</u>	<u>\$ 345,528</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 - *This 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.*

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

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

Elbert Theatre Fund - *This fund is used to account for the operation of the City's historic theatre.*

Elbert Hotel Fund – *This fund is used to account for the construction and operation of the City's historic Samuel Elbert Hotel located in downtown Elberton.*

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS	2016	2015
Current assets		
Cash	\$ 1,628,128	\$ 1,642,702
Certificates of deposit	120,000	120,000
Investments	7,696,869	6,365,898
Receivables		
Accounts (net)	2,154,254	1,956,823
Interest	216	215
Inventories	499,189	479,671
Due from other funds	491,133	113,365
Other current assets	19,158	21,914
	<hr/>	<hr/>
Total current assets	12,608,947	10,700,588
Restricted assets		
MEAG Generation Trust		
Investments	2,875,650	2,559,220
Construction Fund		
Cash	946,715	1,596,541
Bond Redemption		
Cash	485,978	481,820
Customer Deposits		
Investments	737,514	707,603
	<hr/>	<hr/>
Total restricted assets	5,045,857	5,345,184
Capital assets		
Land	247,035	247,035
Intangible assets	377,692	377,692
Buildings	503,721	503,721
Distribution system	39,490,651	37,153,241
Vehicles and equipment	1,991,608	2,064,945
Construction in progress	1,687,340	1,201,525
Accumulated depreciation	(21,497,017)	(20,442,738)
	<hr/>	<hr/>
Total capital assets (net of accumulated depreciation)	22,801,030	21,105,421
Other assets		
Net pension asset	0	174,844
Advances to other funds	4,190,322	4,650,438
	<hr/>	<hr/>
Total other assets	4,190,322	4,825,282
	<hr/>	<hr/>
Total assets	44,646,156	41,976,475
DEFERRED OUTFLOWS OF RESOURCES		
Pension experience differences	40,053	0
Pension investment return differences	318,061	0
Pension contributions subsequent to measurement date	89,198	96,133
	<hr/>	<hr/>
Total deferred outflows of resources	447,312	96,133
	<hr/>	<hr/>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

LIABILITIES	<u>2016</u>	<u>2015</u>
Current liabilities		
Payables		
Accounts	\$ 1,550,182	\$ 1,357,921
Retainages	211,447	88,499
Sales tax	47,496	58,165
Accrued salaries	47,644	35,359
Compensated absences	90,207	93,500
Other current liabilities	46,786	29,781
Due to other funds	187,501	16,310
Capital lease payable	226,112	221,506
	<u>2,407,375</u>	<u>1,901,041</u>
Total current liabilities		
Current liabilities payable from restricted assets		
Customer deposits payable	737,514	707,603
Interest payable	73,843	83,373
Bonds payable	815,000	785,000
	<u>1,626,357</u>	<u>1,575,976</u>
Total liabilities payable from restricted assets		
Noncurrent liabilities		
Compensated absences	38,660	40,071
Net pension liability	163,016	0
Capital lease payable	1,415,906	1,642,018
Notes payable	2,796,205	1,568,991
Bonds payable	4,395,000	5,210,000
	<u>8,808,787</u>	<u>8,461,080</u>
Total noncurrent liabilities		
Total liabilities	<u>12,842,519</u>	<u>11,938,097</u>
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	63,118	94,238
Pension assumption changes	149,123	222,644
Pension investment return differences	129,007	171,211
	<u>341,248</u>	<u>488,093</u>
Total deferred inflows of resources		
NET POSITION		
Net investment in capital assets	13,408,106	13,185,948
Restricted for:		
Debt service	412,135	398,447
MEAG Generation Trust	2,875,650	2,559,220
Unrestricted	15,213,810	13,502,803
	<u>31,909,701</u>	<u>29,646,418</u>
Total net position	<u>\$ 31,909,701</u>	<u>\$ 29,646,418</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for sales and services	\$ 21,579,385	\$ 22,466,395
Miscellaneous revenues	12,283	9,708
Total operating revenues	<u>21,591,668</u>	<u>22,476,103</u>
OPERATING EXPENSES		
Costs of sales and services	15,140,398	16,343,497
Personal services	2,095,485	2,062,204
Depreciation	1,218,770	1,183,754
Miscellaneous expenses	29,780	54,370
Total operating expenses	<u>18,484,433</u>	<u>19,643,825</u>
Operating income (loss)	<u>3,107,235</u>	<u>2,832,278</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	933,762	1,170,756
Interest revenue	152,794	119,388
Net increase (decrease) in the fair value of investments	177,697	6,185
Interest expense	(214,265)	(195,038)
Debt issue costs	(10,500)	(20,833)
Total non-operating revenues (expenses)	<u>1,039,488</u>	<u>1,080,458</u>
Net income (loss) before capital contributions and transfers	4,146,723	3,912,736
Capital contributions		
Intergovernmental	<u>306,822</u>	<u>254,181</u>
Net income (loss) before transfers	<u>4,453,545</u>	<u>4,166,917</u>
Transfers in (out)		
General Fund	(2,402,500)	(2,414,260)
2011 SPLOST Fund	212,238	44,047
Total transfers	<u>(2,190,262)</u>	<u>(2,370,213)</u>
Change in net position	<u>2,263,283</u>	<u>1,796,704</u>
Net position, July 1 (original)	29,646,418	28,229,143
Prior period adjustments	<u>0</u>	<u>(379,429)</u>
Net position, July 1 (restated)	<u>29,646,418</u>	<u>27,849,714</u>
Net position, June 30	<u><u>\$ 31,909,701</u></u>	<u><u>\$ 29,646,418</u></u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
ELECTRIC UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for sales and services	\$ 15,081,243	\$ 15,320,274
Miscellaneous revenues	5,856	3,899
Total operating revenues	<u>15,087,099</u>	<u>15,324,173</u>
OPERATING EXPENSES		
Costs of sales and services	12,482,821	13,173,851
Personal services	1,035,398	1,018,418
Depreciation	281,793	270,873
Miscellaneous expenses	22,950	39,190
Total operating expenses	<u>13,822,962</u>	<u>14,502,332</u>
Operating income (loss)	<u>1,264,137</u>	<u>821,841</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	933,762	1,170,756
Interest revenue	151,645	119,101
Net increase (decrease) in the fair value of investments	177,697	6,185
Total non-operating revenues (expenses)	<u>1,263,104</u>	<u>1,296,042</u>
Net income (loss) before transfers	2,527,241	2,117,883
Transfers in (out)		
General Fund	<u>(1,625,000)</u>	<u>(1,625,000)</u>
Change in net position	<u>\$ 902,241</u>	<u>\$ 492,883</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 POSITION
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for sales and services	\$ 3,162,388	\$ 3,082,577
Miscellaneous revenues	154	410
Total operating revenues	<u>3,162,542</u>	<u>3,082,987</u>
OPERATING EXPENSES		
Costs of sales and services	1,056,044	1,072,415
Personal services	798,088	763,665
Depreciation	784,529	777,590
Miscellaneous expenses	3,830	6,480
Total operating expenses	<u>2,642,491</u>	<u>2,620,150</u>
Operating income (loss)	<u>520,051</u>	<u>462,837</u>
Non-operating revenues (expenses)		
Interest revenue	1,149	287
Interest expense	(214,265)	(195,038)
Debt issue costs	(10,500)	(20,833)
Total non-operating revenues (expenses)	<u>(223,616)</u>	<u>(215,584)</u>
Net income (loss) before capital contributions and transfers	296,435	247,253
Capital contributions		
Intergovernmental	<u>306,822</u>	<u>254,181</u>
Net income (loss) before transfers	<u>603,257</u>	<u>501,434</u>
Transfers in (out)		
General Fund	(17,500)	(12,500)
2011 SPLOST Fund	<u>212,238</u>	<u>44,047</u>
Total transfers	<u>194,738</u>	<u>31,547</u>
Change in net position	<u>\$ 797,995</u>	<u>\$ 532,981</u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITY SYSTEM ENTERPRISE FUND
NATURAL GAS UTILITY DEPARTMENT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services	\$ 3,335,754	\$ 4,063,544
Miscellaneous revenues	6,273	5,399
Total operating revenues	3,342,027	4,068,943
OPERATING EXPENSES		
Costs of sales and services	1,601,533	2,097,231
Personal services	261,999	280,121
Depreciation	152,448	135,291
Miscellaneous expenses	3,000	8,700
Total operating expenses	2,018,980	2,521,343
Operating income (loss)	1,323,047	1,547,600
Transfers in (out)		
General Fund	(760,000)	(776,760)
Change in net position	\$ 563,047	\$ 770,840

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from customers	\$ 21,418,201	\$ 22,682,650
Payments to suppliers	(15,176,704)	(16,300,101)
Payments to employees	(2,248,068)	(2,202,044)
Other receipts	12,283	9,708
Other payments	<u>(29,780)</u>	<u>(54,370)</u>
Net cash provided (used) by operating activities	<u>3,975,932</u>	<u>4,135,843</u>
Cash flows from non-capital financing activities:		
Receipts from other governments	933,762	1,170,756
Receipts from other funds	253,540	0
Payments to other funds	<u>(2,402,500)</u>	<u>(2,749,423)</u>
Net cash provided (used) from non-capital financing activities	<u>(1,215,198)</u>	<u>(1,578,667)</u>
Cash flows from capital and related financing activities:		
Receipts from other governments	306,822	265,373
Receipts from other funds	212,238	44,047
Payment of capital related accounts payable	(145,217)	(55,959)
Acquisition of capital assets	(2,434,410)	(1,874,702)
Debt issue costs	(10,500)	(20,833)
Interest paid	(223,796)	(203,770)
Issuance of notes payable	1,227,214	1,061,491
Issuance of capital leases	0	1,900,000
Principal payments - leases	(221,506)	(36,476)
Principal payments - bonds	<u>(785,000)</u>	<u>(765,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,074,155)</u>	<u>314,171</u>
Cash flows from investing activities:		
Interest received	152,794	119,479
Proceeds from sale of investments	120,000	120,000
Purchase of investments	<u>(1,619,615)</u>	<u>(1,474,451)</u>
Net cash provided (used) by investing activities	<u>(1,346,821)</u>	<u>(1,234,972)</u>
Net increase (decrease) in cash	(660,242)	1,636,375
Cash, July 1	<u>3,721,063</u>	<u>2,084,688</u>
Cash, June 30	<u><u>\$ 3,060,821</u></u>	<u><u>\$ 3,721,063</u></u>

CITY OF ELBERTON, GEORGIA
COMBINED PUBLIC UTILITIES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 3,107,235	\$ 2,832,278
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,218,770	1,183,754
(Increase) decrease in accounts receivable	(197,431)	187,459
(Increase) decrease in inventories	(19,518)	4,720
(Increase) decrease in other current assets	2,756	263
(Increase) decrease in net pension asset/liability	337,860	(554,273)
(Increase) decrease in pension contributions made after measurement date	6,935	(96,133)
Increase (decrease) in accounts payable	(19,543)	40,172
Increase (decrease) in sales tax payable	(10,669)	(6,461)
Increase (decrease) in accrued salaries	12,285	6,220
Increase (decrease) in compensated absences payable	(4,704)	14,494
Increase (decrease) in pension experience differences	(71,173)	94,238
Increase (decrease) in pension assumption differences	(391,582)	222,644
Increase (decrease) in pension investment return differences	(42,205)	171,211
Increase (decrease) in deposits payable	29,911	31,817
Increase (decrease) in other current liabilities	17,005	3,440
Total adjustments	868,697	1,303,565
Net cash provided (used) by operating activities	\$ 3,975,932	\$ 4,135,843
Cash reconciliation:		
Cash	\$ 1,628,128	\$ 1,642,702
Construction Fund		
Cash	946,715	1,596,541
Bond Redemption		
Cash	485,978	481,820
Total cash	\$ 3,060,821	\$ 3,721,063

Noncash investing, capital, and financing activities:

The net increase (decrease) in the fair value of investments totaled \$177,697 and \$73,896 for the fiscal years ended June 30, 2016 and 2015, respectively.

Acquisition of capital assets through accounts payable totaled \$479,969 and \$145,217 for the fiscal years ended June 30, 2016 and 2015, respectively.

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets		
Accounts receivable (net)	\$ 70,942	\$ 88,933
Due from other funds	35,000	16,000
Total current assets	<u>105,942</u>	<u>104,933</u>
Capital assets		
Land	23,900	23,900
Land improvements	67,031	67,031
Buildings	86,886	86,886
Vehicles and equipment	634,200	620,575
Accumulated depreciation	<u>(428,465)</u>	<u>(380,726)</u>
Total capital assets (net of accumulated depreciation)	<u>383,552</u>	<u>417,666</u>
Other assets		
Net pension asset	0	37,230
Total assets	<u>489,494</u>	<u>559,829</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension experience differences	7,999	0
Pension investment return differences	63,520	0
Pension contributions subsequent to measurement date	<u>17,814</u>	<u>27,311</u>
Total deferred outflows of resources	<u>89,333</u>	<u>27,311</u>
LIABILITIES		
Current liabilities		
Accounts payable	4,844	23,681
Accrued salaries	10,646	9,365
Compensated absences	11,517	11,747
Capital leases payable	39,254	50,158
Interest payable	172	200
Due to other funds	<u>228,030</u>	<u>181,033</u>
Total current liabilities	<u>294,463</u>	<u>276,184</u>
Noncurrent liabilities		
Compensated absences	4,936	5,034
Net pension liability	32,556	0
Capital leases payable	<u>197,784</u>	<u>251,953</u>
Total noncurrent liabilities	<u>235,276</u>	<u>256,987</u>
Total liabilities	<u>529,739</u>	<u>533,171</u>
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	12,605	20,067
Pension assumption changes	29,781	47,408
Pension investment return differences	<u>25,764</u>	<u>36,456</u>
Total deferred inflows of resources	<u>68,150</u>	<u>103,931</u>
NET POSITION		
Net investment in capital assets	146,514	115,555
Unrestricted	<u>(165,576)</u>	<u>(165,517)</u>
Total net position	<u>\$ (19,062)</u>	<u>\$ (49,962)</u>

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

OPERATING REVENUES	<u>2016</u>	<u>2015</u>
Charges for sales and services		
Residential service	\$ 459,345	\$ 448,338
Commercial service	317,726	322,425
Sale of recyclables	61,494	73,206
Garbage container sales	<u>14,790</u>	<u>9,853</u>
Total operating revenues	<u>853,355</u>	<u>853,822</u>
OPERATING EXPENSES		
Costs of sales and services	363,152	430,479
Personal services	425,337	422,660
Depreciation	<u>63,409</u>	<u>28,049</u>
Total operating expenses	<u>851,898</u>	<u>881,188</u>
Operating income (loss)	<u>1,457</u>	<u>(27,366)</u>
Non-operating revenues (expenses)		
Interest expense	(5,557)	(2,154)
Gain (loss) on sale of capital assets	<u>0</u>	<u>27,284</u>
Total non-operating revenues (expenses)	<u>(5,557)</u>	<u>25,130</u>
Net income (loss) before capital contributions and transfers	(4,100)	(2,236)
Capital contributions	<u>0</u>	<u>9,500</u>
Net income (loss) before transfers	(4,100)	7,264
Transfers in (out)		
General Fund	<u>35,000</u>	<u>16,000</u>
Change in net position	<u>30,900</u>	<u>23,264</u>
Net position, July 1 (original)	(49,962)	9,509
Prior period adjustments	<u>0</u>	<u>(82,735)</u>
Net position, July 1 (restated)	<u>(49,962)</u>	<u>(73,226)</u>
Net position, June 30	<u><u>\$ (19,062)</u></u>	<u><u>\$ (49,962)</u></u>

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from customers	\$ 871,346	\$ 833,838
Payments to suppliers	(381,989)	(430,886)
Payments to employees	(452,401)	(462,459)
	<u>36,956</u>	<u>(59,507)</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Payments to other funds	0	(17,618)
Receipts from other funds	62,997	115,000
	<u>62,997</u>	<u>97,382</u>
Net cash provided (used) from non-capital financing activities		
Cash flows from capital and related financing activities:		
Receipts from sale of assets	0	27,284
Acquisition of capital assets	(29,295)	(327,177)
Interest paid	(5,585)	(1,954)
Proceeds - capital leases	0	284,994
Principal payments - capital leases	(65,073)	(21,022)
	<u>(99,953)</u>	<u>(37,875)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash	0	0
Cash, July 1	<u>0</u>	<u>0</u>
Cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF ELBERTON, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,457	\$ (27,366)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	63,409	28,049
(Increase) decrease in accounts receivable	17,991	(19,984)
(Increase) decrease in net pension asset/liability	69,786	(119,965)
(Increase) decrease in pension contributions made after measurement date	9,497	(27,311)
Increase (decrease) in accounts payable	(18,837)	(407)
Increase (decrease) in pension experience differences	(15,461)	20,067
Increase (decrease) in pension assumption differences	(17,627)	47,408
Increase (decrease) in pension investment return differences	(74,212)	36,456
Increase (decrease) in accrued salaries	1,281	1,482
Increase (decrease) in compensated absences payable	(328)	2,064
	<u>35,499</u>	<u>(32,141)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ 36,956</u>	<u>\$ (59,507)</u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets		
Accounts receivable (net)	\$ 360,875	\$ 368,035
Inventories	<u>51,413</u>	<u>71,980</u>
Total current assets	<u>412,288</u>	<u>440,015</u>
Capital assets		
Land	6,900	6,900
Buildings	513,385	513,385
Vehicles and equipment	586,539	572,165
Distribution system	8,502,759	8,484,858
Accumulated depreciation	<u>(3,540,902)</u>	<u>(3,326,710)</u>
Total capital assets (net of accumulated depreciation)	<u>6,068,681</u>	<u>6,250,598</u>
Other assets		
Net pension asset	<u>0</u>	<u>24,328</u>
Total assets	<u>6,480,969</u>	<u>6,714,941</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Pension experience differences	5,568	0
Pension investment return differences	44,218	0
Pension contributions subsequent to measurement date	<u>12,401</u>	<u>13,376</u>
Total deferred outflows of resources	<u>62,187</u>	<u>13,376</u>
 LIABILITIES		
Current liabilities		
Payables		
Accounts	156,152	166,801
Intergovernmental	27,838	25,597
Interest	481	702
Accrued salaries	11,007	6,664
Compensated absences	14,513	11,781
Customer deposits	2,598	1,933
Capital lease payable	<u>221,128</u>	<u>237,567</u>
Total current liabilities	<u>433,717</u>	<u>451,045</u>
Noncurrent liabilities		
Compensated absences	6,220	5,049
Net pension liability	22,663	0
Advances from other funds	4,190,322	4,650,438
Capital lease payable	<u>377,042</u>	<u>637,859</u>
Total noncurrent liabilities	<u>4,596,247</u>	<u>5,293,346</u>
Total liabilities	<u>5,029,964</u>	<u>5,744,391</u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	\$ 17,935	\$ 13,114
Pension assumption changes	20,731	30,978
Pension investment return differences	8,775	23,822
Total deferred inflows of resources	47,441	67,914
 NET POSITION		
Net investment in capital assets	5,470,511	5,375,172
Unrestricted	(4,004,760)	(4,459,160)
Total net position	\$ 1,465,751	\$ 916,012

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for sales and services	\$ 4,231,947	\$ 3,790,730
Miscellaneous revenues	0	37
	<u>4,231,947</u>	<u>3,790,767</u>
OPERATING EXPENSES		
Costs of sales and services	2,961,089	2,767,570
Personal services	378,376	315,391
Depreciation	305,110	306,958
Miscellaneous expenses	20,060	25,980
	<u>3,664,635</u>	<u>3,415,899</u>
Operating income (loss)	567,312	374,868
Non-operating revenues (expenses)		
Interest expense	<u>(17,573)</u>	<u>(28,942)</u>
Change in net position	<u>549,739</u>	<u>345,926</u>
Net position, July 1 (original)	916,012	623,569
Prior period adjustments	<u>0</u>	<u>(53,483)</u>
Net position, July 1 (restated)	<u>916,012</u>	<u>570,086</u>
Net position, June 30	<u><u>\$ 1,465,751</u></u>	<u><u>\$ 916,012</u></u>

CITY OF ELBERTON, GEORGIA
ELBERTONNET TECHNOLOGY SERVICES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from customers	\$ 4,239,771	\$ 3,739,435
Payments to suppliers	(2,948,929)	(2,695,231)
Payments to employees	(392,423)	(333,899)
Other receipts	0	37
Other payments	(20,060)	(25,980)
Net cash provided (used) by operating activities	<u>878,359</u>	<u>684,362</u>
Cash flows from non-capital financing activities:		
Payments to other funds	(460,116)	0
Receipts from other funds	0	166,767
Net cash provided (used) by non-capital financing activities	<u>(460,116)</u>	<u>166,767</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(123,193)	(212,145)
Interest paid	(17,794)	(30,164)
Principal payments - capital lease obligations	(277,256)	(649,422)
Net cash provided (used) by capital and related financing activities	<u>(418,243)</u>	<u>(891,731)</u>
Net increase (decrease) in cash	0	(40,602)
Cash, July 1	0	40,602
Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 567,312</u>	<u>\$ 374,868</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	305,110	306,958
(Increase) decrease in accounts receivable	7,159	(51,395)
(Increase) decrease in inventories	20,567	28,739
(Increase) decrease in net pension asset/liability	46,991	(77,811)
(Increase) decrease in pension contributions made after measurement date	975	(13,376)
Increase (decrease) in accounts payable	(10,648)	39,043
Increase (decrease) in intergovernmental payable	2,241	4,557
Increase (decrease) in customer deposits	665	100
Increase (decrease) in accrued salaries	4,343	1,125
Increase (decrease) in pension experience differences	(747)	13,114
Increase (decrease) in pension assumption differences	(10,247)	30,978
Increase (decrease) in pension investment return differences	(59,265)	23,822
Increase (decrease) in compensated absences payable	3,903	3,640
Total adjustments	<u>311,047</u>	<u>309,494</u>
Net cash provided (used) by operating activities	<u>\$ 878,359</u>	<u>\$ 684,362</u>

CITY OF ELBERTON, GEORGIA
ELBERT THEATRE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
For the fiscal years ended June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets		
Cash	\$ 22,500	\$ 7,833
Due from other fund	3,279	1,508
Inventories	<u>1,546</u>	<u>811</u>
Total current assets	<u>27,325</u>	<u>10,152</u>
 LIABILITIES		
Current liabilities		
Payables		
Accounts	<u>2,358</u>	<u>2,096</u>
 NET POSITION		
Unrestricted	<u>\$ 24,967</u>	<u>\$ 8,056</u>

CITY OF ELBERTON, GEORGIA
ELBERT THEATRE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

OPERATING REVENUES	<u>2016</u>	<u>2015</u>
Charges for sales and services	\$ 94,232	\$ 52,951
Total operating revenues	<u>94,232</u>	<u>52,951</u>
 OPERATING EXPENSES		
Costs of sales and services	57,978	34,663
Personal services	19,343	10,232
Total operating expenses	<u>77,321</u>	<u>44,895</u>
Change in net position	16,911	8,056
Net position, July 1	<u>8,056</u>	<u>0</u>
Net position, June 30	<u><u>\$ 24,967</u></u>	<u><u>\$ 8,056</u></u>

CITY OF ELBERTON, GEORGIA
ELBERT THEATRE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Receipts from customers	\$ 94,232	\$ 52,951
Payments to suppliers	(58,451)	(33,378)
Payments to employees	(19,343)	(10,232)
Net cash provided (used) by operating activities	<u>16,438</u>	<u>9,341</u>
Cash flows from non-capital financing activities:		
Payments to other funds	<u>(1,771)</u>	<u>(1,508)</u>
Net increase (decrease) in cash	14,667	7,833
Cash, July 1	<u>7,833</u>	<u>0</u>
Cash, June 30	<u><u>\$ 22,500</u></u>	<u><u>\$ 7,833</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 16,911</u>	<u>\$ 8,056</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in inventories	(735)	(811)
Increase (decrease) in accounts payable	<u>262</u>	<u>2,096</u>
Total adjustments	<u>(473)</u>	<u>1,285</u>
Net cash provided (used) by operating activities	<u><u>\$ 16,438</u></u>	<u><u>\$ 9,341</u></u>

CITY OF ELBERTON, GEORGIA
ELBERT HOTEL ENTERPRISE FUND
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

Restricted current assets

Cash for construction	\$ 222,023
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Capital assets

Land	107,500
Construction in progress	4,063,304
Building	92,048
Accumulated depreciation	<u>(28,269)</u>

Total capital assets (net of accumulated depreciation)	<u>4,234,583</u>
--	------------------

Total assets	<u>4,456,606</u>
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LIABILITIES

Current liabilities

Payables	
Accounts	392,468
Retainage	317,210
Interest	32,136
Notes payable	74,769
Due to other funds	<u>261,379</u>
Total current liabilities	1,077,962

Noncurrent liabilities

Notes payable	<u>3,163,656</u>
---------------	------------------

Total liabilities	<u>4,241,618</u>
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NET POSITION

Net investment in capital assets	508,503
Unrestricted	<u>(293,515)</u>

Total net position	<u>\$ 214,988</u>
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CITY OF ELBERTON, GEORGIA
ELBERT HOTEL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal year ended June 30, 2016

OPERATING REVENUES	
Total operating revenues	<u>\$ 0</u>
OPERATING EXPENSES	
Total operating expenses	<u>0</u>
Operating income (loss)	<u>0</u>
Non-operating revenues (expenses)	
Interest revenue	108
Interest expense	(45,358)
Debt issue costs	<u>(91,744)</u>
Total non-operating expenses	<u>(136,994)</u>
Net income (loss) before capital contributions and transfers	(136,994)
Capital contribution	<u>351,982</u>
Change in net position	214,988
Net position, July 1	<u>0</u>
Net position, June 30	<u><u>\$ 214,988</u></u>

CITY OF ELBERTON, GEORGIA
ELBERT HOTEL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2016

Cash flows from capital and related financing activities:

Acquisition of capital assets	\$ (3,172,923)
Receipts from other funds	261,379
Interest paid	(13,223)
Issuance of note payable	3,238,426
Debt issue costs	<u>(91,744)</u>
Net cash provided (used) by capital and related financing activities	<u>221,915</u>

Cash flows from investing activities:

Interest received	<u>108</u>
-------------------	------------

Net increase (decrease) in cash 222,023

Cash, July 1 0

Cash, June 30 \$ 222,023

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$709,678 for the fiscal years ended June 30, 2016.

Contributions of capital assets from the governmental activities totaled \$351,982 for the fiscal year ended June 30, 2016.

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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, 2016 and 2015**

	2016	2015
ASSETS		
Cash	\$ 8,005	\$ 10,733
LIABILITIES		
Due to other agencies	\$ 8,005	\$ 10,733

CITY OF ELBERTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2016

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash	\$ 10,733	\$ 127,588	(130,316)	\$ 8,005
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Due to other agencies	\$ 10,733	\$ 127,588	(130,316)	\$ 8,005
	<u> </u>	<u> </u>	<u> </u>	<u> </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, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 12,226	\$ 12,210
LIABILITIES		
Accounts payable	\$ 1,150	\$ 1,150
FUND BALANCES		
Assigned for Housing and Development	11,076	11,060
Total liabilities and fund balances	\$ 12,226	\$ 12,210

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 73,734	\$ 60,796	\$ (12,938)	\$ 73,675
Rents	25,800	18,415	(7,385)	16,208
Event revenue	12,850	17,273	4,423	16,148
Contributions	0	1,449	1,449	0
Total revenues	<u>112,384</u>	<u>97,933</u>	<u>(14,451)</u>	<u>106,031</u>
EXPENDITURES				
Current				
Economic Development				
Personnel services	38,492	29,630	8,862	39,356
Contract services	22,570	22,743	(173)	20,948
Materials and supplies	7,780	6,061	1,719	3,024
Debt service	43,542	39,483	4,059	45,296
Total expenditures	<u>112,384</u>	<u>97,917</u>	<u>14,467</u>	<u>108,624</u>
Excess (deficiency) of revenues over (under) expenditures	0	16	16	(2,593)
Fund balances, July 1	<u>0</u>	<u>11,060</u>	<u>11,060</u>	<u>13,653</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 11,076</u>	<u>\$ 11,076</u>	<u>\$ 11,060</u>

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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	123-137
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	138-141
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	142-147
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	148-149
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	150-155
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	156-157
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 Ten Fiscal Years

	FISCAL YEAR		
	2016	2015	2014
Governmental Activities			
Net investment in capital assets	\$ 4,699,117	\$ 4,794,106	\$ 4,230,037
Restricted	480,025	825,553	1,067,009
Unrestricted	508,437	108,315	469,531
Total Governmental Activities Net Position	5,687,579	5,727,974	5,766,577
Business-type Activities			
Net investment in capital assets	19,533,634	18,676,675	17,877,860
Restricted	3,287,785	2,957,667	2,702,871
Unrestricted	10,774,926	8,886,182	8,281,490
Total Business-Type Activities Net Position	33,596,345	30,520,524	28,862,221
Primary Government			
Net investment in capital assets	24,232,751	23,470,781	22,107,897
Restricted	3,767,810	3,783,220	3,769,880
Unrestricted	11,283,363	8,994,497	8,751,021
Total Primary Government Net Position	\$ 39,283,924	\$ 36,248,498	\$ 34,628,798

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
\$ 4,289,328	\$ 4,474,881	\$ 4,138,536	\$ 3,924,223	\$ 3,935,047	\$ 3,624,359	\$ 3,471,430
882,783	940,916	1,214,456	851,529	730,810	419,048	369,936
412,159	374,476	483,631	517,319	447,389	224,861	36,620
<u>5,584,270</u>	<u>5,790,273</u>	<u>5,836,623</u>	<u>5,293,071</u>	<u>5,113,246</u>	<u>4,268,268</u>	<u>3,877,986</u>
17,350,028	16,525,113	15,555,835	15,262,590	14,315,837	13,384,786	12,175,380
2,317,674	2,020,369	1,383,145	504,668	305,477	289,907	523,595
6,518,491	6,170,317	6,516,711	6,280,127	4,288,720	4,077,359	4,052,857
<u>26,186,193</u>	<u>24,715,799</u>	<u>23,455,691</u>	<u>22,047,385</u>	<u>18,910,034</u>	<u>17,752,052</u>	<u>16,751,832</u>
21,639,356	20,999,994	19,694,371	19,186,813	18,250,884	17,009,145	15,646,810
3,200,457	2,961,285	2,597,601	1,356,197	1,036,287	708,955	893,531
6,930,650	6,544,793	7,000,342	6,797,446	4,736,109	4,302,220	4,089,477
<u>\$ 31,770,463</u>	<u>\$ 30,506,072</u>	<u>\$ 29,292,314</u>	<u>\$ 27,340,456</u>	<u>\$ 24,023,280</u>	<u>\$ 22,020,320</u>	<u>\$ 20,629,818</u>

City of Elberton
Changes in Net Position
Last Ten Fiscal Years

	FISCAL YEAR		
	2016	2015	2014
Expenses			
Governmental Activities:			
General Government	\$ 696,460	\$ 661,068	\$ 673,908
Judicial	67,311	63,335	106,386
Public Safety	2,355,893	2,439,366	2,539,885
Public Works	1,067,173	966,313	1,067,150
Health and Welfare	65,687	60,275	58,144
Culture and Recreation	269,221	221,761	174,478
Housing and Development	253,670	251,937	259,179
Interest on Long-term Debt	8,891	10,097	11,278
Total Governmental Activities	<u>4,784,306</u>	<u>4,674,152</u>	<u>4,890,408</u>
Business-type Activities:			
Combined Public Utilities			
Electric	13,592,179	14,279,534	12,991,858
Water and Sewer	2,759,461	2,721,254	2,740,178
Natural Gas	1,903,129	2,414,678	3,193,275
ElbertonNET Technology Services	3,566,175	3,362,855	3,040,601
Industrial Park	0	0	0
Solid Waste	804,982	816,844	837,283
Elbert Theatre	77,321	44,895	0
Elbert Hotel	137,102	0	0
Total Business-type Activities	<u>22,840,349</u>	<u>23,640,060</u>	<u>22,803,195</u>
Total Primary Government Expenses	<u>27,624,655</u>	<u>28,314,212</u>	<u>27,693,603</u>
Indirect Costs			
Governmental Activities:			
General Government	(493,185)	(473,292)	(477,578)
Public Works	(129,750)	(119,422)	(141,520)
Total Governmental Activities Indirect Cost	<u>(622,935)</u>	<u>(592,714)</u>	<u>(619,098)</u>
Business-type Activities:			
Combined Public Utilities			
Electric	230,783	221,039	212,571
Water and Sewer	107,795	119,743	118,470
Natural Gas	115,851	103,448	103,949
ElbertonNET Technology Services	116,033	81,986	80,701
Solid Waste	52,473	66,498	103,407
Elbert Theatre	0	0	0
Total Business-type Activities Indirect Cost	<u>622,935</u>	<u>592,714</u>	<u>619,098</u>
Total Primary Government Indirect Cost	<u>0</u>	<u>0</u>	<u>0</u>
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	43,360	41,775	45,358
Public Safety	102,197	124,749	191,337
Public Works	83,133	41,394	65,170
Housing and Development	15,703	15,428	10,495
Operating Grants and Contributions	1,620	420	2,852
Capital Grants and Contributions	672,356	715,225	602,260
Total Governmental Activities	<u>918,369</u>	<u>938,991</u>	<u>917,472</u>
Program Revenues	<u>918,369</u>	<u>938,991</u>	<u>917,472</u>
Business-type Activities:			
Charges for Services:			
Electric	15,081,243	15,320,274	16,005,007
Water and Sewer	3,162,388	3,082,577	2,887,595
Natural Gas	3,335,754	4,063,544	4,899,169
ElbertonNET Technology Services	4,231,947	3,790,730	3,328,687
Solid Waste	853,355	853,822	822,177
Elbert Theatre	94,232	52,951	0
Elbert Hotel	0	0	0
Operating Grants and Contributions	933,762	1,170,756	0
Capital Grants and Contributions	306,822	254,181	138,067
Total Business-type Activities	<u>27,999,503</u>	<u>28,588,835</u>	<u>28,080,702</u>
Program Revenues	<u>27,999,503</u>	<u>28,588,835</u>	<u>28,080,702</u>
Total Primary Government Program Revenues	<u>28,917,872</u>	<u>29,527,826</u>	<u>28,998,174</u>

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
\$ 657,516	\$ 697,793	\$ 782,934	\$ 776,304	\$ 758,352	\$ 734,895	\$ 761,879
107,728	104,279	99,901	101,982	100,939	103,965	98,082
2,476,946	2,395,267	2,509,964	2,442,237	2,355,213	2,293,427	2,213,641
1,151,627	1,166,098	1,155,171	1,178,530	1,315,287	1,310,736	1,216,164
67,100	9,000	11,900	9,900	9,900	5,900	9,249
186,059	167,465	163,831	161,416	151,363	157,287	82,588
249,642	247,896	205,442	246,774	415,226	263,260	286,226
8,667	92	437	2,716	5,485	5,922	5,239
<u>4,905,285</u>	<u>4,787,890</u>	<u>4,929,580</u>	<u>4,919,859</u>	<u>5,111,765</u>	<u>4,875,392</u>	<u>4,673,068</u>
13,179,039	13,064,053	12,136,219	11,302,256	11,840,875	12,518,339	11,903,757
2,734,886	2,816,229	2,797,193	2,808,412	2,840,855	2,691,386	3,095,123
2,861,258	2,734,236	3,075,133	3,329,597	3,923,296	4,022,390	4,465,284
2,855,925	2,623,765	2,435,188	2,166,187	1,945,176	2,251,378	1,818,099
0	0	459,399	7,047	7,048	7,047	7,048
778,294	768,886	757,211	774,633	737,010	692,069	655,667
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>22,409,402</u>	<u>22,007,169</u>	<u>21,660,343</u>	<u>20,388,132</u>	<u>21,294,260</u>	<u>22,182,609</u>	<u>21,944,978</u>
<u>27,314,687</u>	<u>26,795,059</u>	<u>26,589,923</u>	<u>25,307,991</u>	<u>26,406,025</u>	<u>27,058,001</u>	<u>26,618,046</u>
(451,965)	(464,060)	(546,280)	(456,853)	(450,154)	(431,896)	(411,379)
<u>(227,844)</u>	<u>(204,846)</u>	<u>(202,378)</u>	<u>(225,423)</u>	<u>(221,872)</u>	<u>(217,936)</u>	<u>(167,910)</u>
<u>(679,809)</u>	<u>(668,906)</u>	<u>(748,658)</u>	<u>(682,276)</u>	<u>(672,026)</u>	<u>(649,832)</u>	<u>(579,289)</u>
220,989	244,671	294,516	263,319	259,899	250,461	228,156
124,911	143,042	147,294	137,540	135,338	131,349	97,122
123,707	174,494	196,945	180,607	178,075	172,194	140,551
129,713	50,756	54,817	48,630	47,642	46,096	40,866
80,489	55,943	55,086	52,180	51,072	49,732	72,594
0	0	0	0	0	0	0
<u>679,809</u>	<u>668,906</u>	<u>748,658</u>	<u>682,276</u>	<u>672,026</u>	<u>649,832</u>	<u>579,289</u>
<u>0</u>						
45,815	53,823	55,109	60,476	55,965	57,784	62,241
204,784	178,550	227,569	235,767	232,192	242,567	214,756
51,235	52,891	72,514	64,151	59,175	62,405	58,637
11,443	17,933	12,393	45,249	44,145	37,504	37,130
34,276	62,948	44,386	100,177	72,158	842	8,722
580,179	797,939	714,791	22,584	877,058	99,514	231,841
<u>927,732</u>	<u>1,164,084</u>	<u>1,126,762</u>	<u>528,404</u>	<u>1,340,693</u>	<u>500,616</u>	<u>613,327</u>
15,839,368	15,566,693	15,721,112	15,570,785	14,462,334	14,505,101	13,769,282
2,843,066	2,817,914	2,778,123	2,854,234	2,878,146	2,881,331	2,916,737
4,189,304	3,440,528	4,331,615	4,803,798	5,279,518	5,632,829	5,387,505
3,121,582	2,740,805	2,401,396	1,954,681	1,675,254	1,559,185	1,336,275
727,591	769,818	801,319	789,409	739,446	763,511	697,416
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	41,324	750,039
0	258,408	38,833	11,167	0	0	398,258
<u>26,720,911</u>	<u>25,594,166</u>	<u>26,072,398</u>	<u>25,984,074</u>	<u>25,034,698</u>	<u>25,383,281</u>	<u>25,255,512</u>
<u>27,648,643</u>	<u>26,758,250</u>	<u>27,199,160</u>	<u>26,512,478</u>	<u>26,375,391</u>	<u>25,883,897</u>	<u>25,868,839</u>

City of Elberton
Changes in Net Position
Last Ten Fiscal Years

	FISCAL YEAR		
	2016	2015	2014
Change in Net Position			
Net (expense) Revenue - Governmental Activities	\$ (3,243,002)	\$ (3,142,447)	\$ (3,353,838)
Net (expense) Revenue - Business-type Activities	4,536,219	4,356,061	4,658,409
Total Primary Government Net (Expense) Revenue	<u>1,293,217</u>	<u>1,213,614</u>	<u>1,304,571</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Taxes:			
Title ad valorem	80,432	102,458	105,085
Sales	577,700	529,378	550,972
Franchise	98,172	90,654	89,389
Occupational (1)	119,704	117,607	125,781
Insurance Premium	263,786	246,913	240,020
Alcoholic Beverages	136,212	151,413	142,639
Hotel/Motel	55,836	49,138	46,283
Other	4,465	3,739	4,096
Interest and Investment Earnings	2,435	2,095	2,117
Gain on Sale of Assets	49,369	38,113	0
Miscellaneous	11,216	9,374	23,773
Transfers	1,803,280	2,344,713	2,205,490
Total Government Activities	<u>3,202,607</u>	<u>3,685,595</u>	<u>3,535,645</u>
Business-type Activities			
Interest and Investment Earnings	152,902	119,388	135,465
Net increase (decrease) in the fair value of investments	177,697	6,185	73,896
Gain on Sale of Assets	0	27,284	0
Miscellaneous	12,283	9,745	13,748
Transfers	(1,803,280)	(2,344,713)	(2,205,490)
Total Business-type Activities	<u>(1,460,398)</u>	<u>(2,182,111)</u>	<u>(1,982,381)</u>
Total Primary Government General Revenues	<u>1,742,209</u>	<u>1,503,484</u>	<u>1,553,264</u>
Change in Net Position			
Governmental Activities	(40,395)	543,148	181,807
Business-type Activities	3,075,821	2,173,950	2,676,028
Total Primary Government Change in Net Position	<u>3,035,426</u>	<u>2,717,098</u>	<u>2,857,835</u>
Net Position - beginning (original)			
Governmental Activities	5,727,974	5,766,577	5,584,270
Business-type Activities	30,520,524	28,862,221	26,186,193
Total Primary Government Beginning Net Position (original)	<u>36,248,498</u>	<u>34,628,798</u>	<u>31,770,463</u>
Prior Period Adjustments			
Governmental Activities	0	(581,751)	0
Business-type Activities	0	(515,647)	0
Total Primary Government Prior Period Adjustments	<u>0</u>	<u>(1,097,398)</u>	<u>0</u>
Net Position - beginning (restated)			
Governmental Activities	5,727,974	5,184,826	5,584,270
Business-type Activities	30,520,524	28,346,574	26,186,193
Total Primary Government Beginning Net Position (restated)	<u>36,248,498</u>	<u>33,531,400</u>	<u>31,770,463</u>
Change in Net Position - ending			
Governmental Activities	5,687,579	5,727,974	5,766,077
Business-type Activities	33,596,345	30,520,524	28,862,221
Total Primary Government Ending Net Position	<u>\$ 39,283,924</u>	<u>\$ 36,248,498</u>	<u>\$ 34,628,298</u>

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
\$ (3,297,744)	\$ (2,954,900)	\$ (3,054,160)	\$ (3,709,179)	\$ (3,099,046)	\$ (3,724,944)	\$ (3,480,452)
<u>3,631,700</u>	<u>2,918,091</u>	<u>3,663,397</u>	<u>4,913,666</u>	<u>3,068,412</u>	<u>2,550,840</u>	<u>2,731,245</u>
<u>333,956</u>	<u>(36,809)</u>	<u>609,237</u>	<u>1,204,487</u>	<u>(30,634)</u>	<u>(1,174,104)</u>	<u>(749,207)</u>
31,875	0	0	0	0	0	0
577,225	592,734	633,998	1,345,161	1,182,430	1,399,514	1,285,913
91,243	90,041	84,338	86,620	88,790	87,815	83,545
110,828	74,804	73,352	79,349	85,706	85,683	90,545
231,813	218,245	255,324	262,968	265,457	259,247	248,533
149,169	153,664	143,118	141,394	158,225	158,789	152,952
51,865	45,344	58,650	72,661	66,655	69,510	66,505
7,061	5,294	3,160	3,829	5,888	8,847	12,786
2,317	2,646	2,500	4,092	3,172	51,770	79,361
0	0	10,123	1,800	0	26,355	5,972
19,415	9,288	17,953	17,034	49,716	38,341	20,451
<u>1,818,930</u>	<u>1,716,490</u>	<u>2,315,196</u>	<u>1,874,096</u>	<u>2,037,985</u>	<u>1,929,355</u>	<u>2,102,559</u>
<u>3,091,741</u>	<u>2,908,550</u>	<u>3,597,712</u>	<u>3,889,004</u>	<u>3,944,024</u>	<u>4,115,226</u>	<u>4,149,122</u>
86,101	38,738	33,603	66,891	91,420	133,186	124,201
(128,447)	0	0	0	0	0	0
17,213	2,404	1,220	5,225	2,510	15,916	5,769
16,140	17,365	25,282	25,665	33,625	229,633	11,950
<u>(1,818,930)</u>	<u>(1,716,490)</u>	<u>(2,315,196)</u>	<u>(1,874,096)</u>	<u>(2,037,985)</u>	<u>(1,929,355)</u>	<u>(2,102,559)</u>
<u>(1,827,923)</u>	<u>(1,657,983)</u>	<u>(2,255,091)</u>	<u>(1,776,315)</u>	<u>(1,910,430)</u>	<u>(1,550,620)</u>	<u>(1,960,639)</u>
<u>1,263,818</u>	<u>1,250,567</u>	<u>1,342,621</u>	<u>2,112,689</u>	<u>2,033,594</u>	<u>2,564,606</u>	<u>2,188,483</u>
(206,003)	(46,350)	543,552	179,825	844,978	390,282	668,670
<u>1,803,777</u>	<u>1,260,108</u>	<u>1,408,306</u>	<u>3,137,351</u>	<u>1,157,982</u>	<u>1,000,220</u>	<u>770,606</u>
<u>1,597,774</u>	<u>1,213,758</u>	<u>1,951,858</u>	<u>3,317,176</u>	<u>2,002,960</u>	<u>1,390,502</u>	<u>1,439,276</u>
5,790,273	5,836,623	5,293,071	5,113,246	4,268,268	3,877,986	3,048,465
<u>24,715,799</u>	<u>23,455,691</u>	<u>22,047,385</u>	<u>18,910,034</u>	<u>17,752,052</u>	<u>16,751,832</u>	<u>15,981,226</u>
<u>30,506,072</u>	<u>29,292,314</u>	<u>27,340,456</u>	<u>24,023,280</u>	<u>22,020,320</u>	<u>20,629,818</u>	<u>19,029,691</u>
0	0	0	0	0	0	160,851
<u>(333,383)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(333,383)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,851</u>
5,790,273	5,836,623	5,293,071	5,113,246	4,268,268	3,877,986	3,209,316
<u>24,382,416</u>	<u>23,455,691</u>	<u>22,047,385</u>	<u>18,910,034</u>	<u>17,752,052</u>	<u>16,751,832</u>	<u>15,981,226</u>
<u>30,172,689</u>	<u>29,292,314</u>	<u>27,340,456</u>	<u>24,023,280</u>	<u>22,020,320</u>	<u>20,629,818</u>	<u>19,190,542</u>
5,584,270	5,790,273	5,836,623	5,293,071	5,113,246	4,268,268	3,877,986
<u>26,186,193</u>	<u>24,715,799</u>	<u>23,455,691</u>	<u>22,047,385</u>	<u>18,910,034</u>	<u>17,752,052</u>	<u>16,751,832</u>
<u>\$ 31,770,463</u>	<u>\$ 30,506,072</u>	<u>\$ 29,292,314</u>	<u>\$ 27,340,456</u>	<u>\$ 24,023,280</u>	<u>\$ 22,020,320</u>	<u>\$ 20,629,818</u>

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

	FISCAL YEAR		
	2016	2015	2014
General Fund			
Reserved			
Unreserved			
Nonspendable (1)	\$ 147,473	\$ 146,986	\$ 146,234
Restricted (1)	25	25	25
Unassigned (1)	859,995	696,935	706,758
Total General Fund	<u>1,007,493</u>	<u>843,946</u>	<u>853,017</u>
 All Other Governmental Funds			
Unreserved, Reported in:			
Special Revenue Fund			
Capital Project Funds	(49,144)		
Nonspendable (1)	40,000		
Restricted (1)	480,000	825,528	1,066,984
Assigned (1)	2,692	4,288	12,869
Total All Other Governmental Funds	<u>473,548</u>	<u>829,816</u>	<u>1,079,853</u>
 Total Governmental Fund Balances	<u>\$ 1,481,041</u>	<u>\$ 1,673,762</u>	<u>\$ 1,932,870</u>

Note 1: The City adopted GASB 54 for reporting of fund balance classifications in 2011.

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
			\$ 144,344	\$ 393,228	\$ 439,843	\$ 147,922
			865,048	569,642	307,883	413,512
\$ 190,731	\$ 158,855	\$ 170,860				
25	50	50				
645,418	663,004	801,597				
<u>836,174</u>	<u>821,909</u>	<u>972,507</u>	<u>1,009,392</u>	<u>962,870</u>	<u>747,726</u>	<u>561,434</u>
			485,210	485,210	6,885	8,972
			366,319	245,600	412,163	360,964
		448,000				
882,758	940,866	766,455				
4,407	3,061	4,068				
<u>887,165</u>	<u>943,927</u>	<u>1,218,523</u>	<u>851,529</u>	<u>730,810</u>	<u>419,048</u>	<u>369,936</u>
<u>\$ 1,723,339</u>	<u>\$ 1,765,836</u>	<u>\$ 2,191,030</u>	<u>\$ 1,860,921</u>	<u>\$ 1,693,680</u>	<u>\$ 1,166,774</u>	<u>\$ 931,370</u>

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

	FISCAL YEAR		
	2016	2015	2014
Revenues			
Taxes	\$ 1,336,308	\$ 1,291,300	\$ 1,304,264
Licenses and permits (2)	58,890	57,350	54,238
Fines, fees and forfeitures	92,915	108,590	169,016
Charges for services	720,025	650,708	708,204
Intergovernmental	672,241	649,238	604,528
Interest	2,550	2,249	2,349
Contributions	1,625	420	352
Other	11,217	13,186	13,968
Total Revenues	2,895,771	2,773,041	2,856,919
Expenditures			
General Government	703,782	672,278	651,547
Judicial	70,554	66,599	105,292
Public Safety	2,339,551	2,437,382	2,364,581
Public Works	845,280	915,303	982,393
Health and Welfare	65,687	60,275	58,144
Culture and Recreation	163,982	154,024	123,278
Housing and Development	289,497	267,994	244,853
Non-Departmental	0	0	0
Debt Service - Principal	58,357	57,151	55,970
Debt Service - Interest	8,891	10,097	11,278
Capital Outlay	747,542	783,372	265,348
Total Expenditures	5,293,123	5,424,475	4,862,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,397,352)	(2,651,434)	(2,005,765)
Other Financing Sources (Uses)			
Transfers In	2,437,433	2,436,552	2,408,989
Transfers Out	(282,171)	(82,339)	(203,499)
Sale of Capital Assets	49,369	38,113	9,806
Issuance of Capital Leases	0	0	0
Total Other Financing Sources (Uses)	2,204,631	2,392,326	2,215,296
Net Change in Fund Balances	(192,721)	(259,108)	209,531
Fund Balances, July 1	1,673,762	1,932,870	1,723,339
Prior Period Adjustment	0	0	0
Fund Balances, June 30	\$ 1,481,041	\$ 1,673,762	\$ 1,932,870
Debt service as a percentage of noncapital expenditures	1.43%	1.47%	1.48%

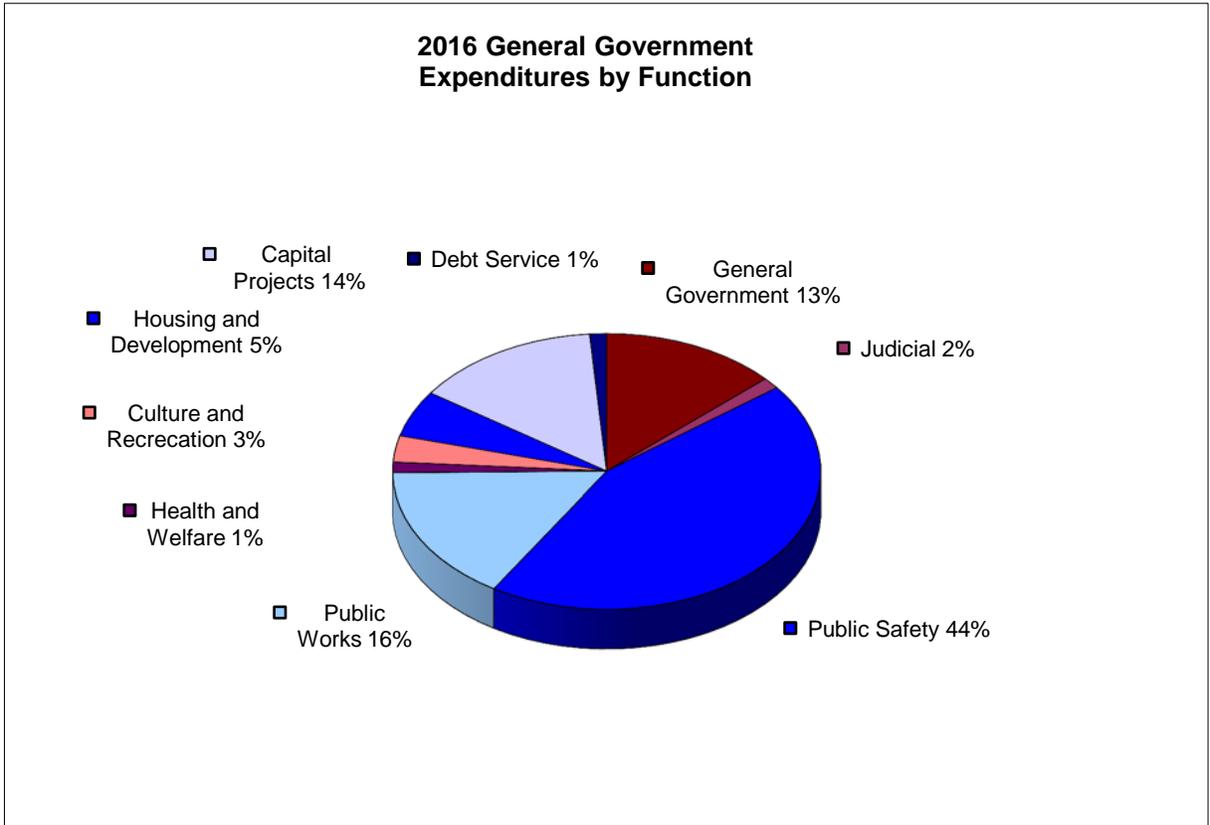
Note (1): Includes general, special revenue, and capital projects funds.

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
\$ 1,251,079	\$ 1,180,126	\$ 1,251,941	\$ 1,317,624	\$ 1,264,618	\$ 1,375,542	\$ 1,300,551
57,725	70,936	67,553	103,994	100,084	94,654	99,693
191,822	161,225	195,234	202,828	203,387	223,968	202,083
743,539	739,942	853,456	781,097	760,032	731,470	650,277
613,827	860,372	747,837	796,805	1,406,679	794,204	788,416
2,660	2,996	3,695	4,092	3,172	51,770	79,361
285	0	0	0	0	0	0
6,203	9,453	28,097	17,348	49,786	38,357	112,826
<u>2,867,140</u>	<u>3,025,050</u>	<u>3,147,813</u>	<u>3,223,788</u>	<u>3,787,758</u>	<u>3,309,965</u>	<u>3,233,207</u>
633,371	688,978	872,270	795,652	739,722	717,350	725,386
106,007	104,845	100,857	102,716	100,616	103,447	97,015
2,354,039	2,285,569	2,390,993	2,309,661	2,234,428	2,171,102	2,122,180
1,016,610	1,083,913	1,091,821	1,117,742	1,281,083	1,208,520	1,079,879
67,100	9,000	11,900	9,900	9,900	5,900	5,000
146,973	143,053	139,290	146,215	142,491	186,597	155,888
243,343	239,926	195,955	242,834	412,796	234,047	192,520
0	0	0	0	0	0	0
4,612	7,300	10,650	86,590	45,538	58,298	64,794
8,667	92	437	2,716	5,485	5,922	5,239
730,831	604,058	152,138	118,417	457,778	380,548	807,331
<u>5,311,553</u>	<u>5,166,734</u>	<u>4,966,311</u>	<u>4,932,443</u>	<u>5,429,837</u>	<u>5,071,731</u>	<u>5,255,232</u>
(2,444,413)	(2,141,684)	(1,818,498)	(1,708,655)	(1,642,079)	(1,761,766)	(2,022,025)
2,303,819	2,168,581	2,289,493	2,304,843	2,344,502	2,259,913	2,196,666
(484,889)	(452,091)	(151,009)	(430,747)	(306,517)	(330,558)	(94,107)
13,212	0	10,123	1,800	131,000	26,355	5,972
569,774	0	0	0	0	41,460	159,889
<u>2,401,916</u>	<u>1,716,490</u>	<u>2,148,607</u>	<u>1,875,896</u>	<u>2,168,985</u>	<u>1,997,170</u>	<u>2,268,420</u>
(42,497)	(425,194)	330,109	167,241	526,906	235,404	246,395
1,765,836	2,191,030	1,860,921	1,693,680	1,166,774	931,370	684,975
0	0	0	0	0	0	0
<u>\$ 1,723,339</u>	<u>\$ 1,765,836</u>	<u>\$ 2,191,030</u>	<u>\$ 1,860,921</u>	<u>\$ 1,693,680</u>	<u>\$ 1,166,774</u>	<u>\$ 931,370</u>
0.29%	0.16%	0.24%	1.90%	1.06%	1.40%	1.59%

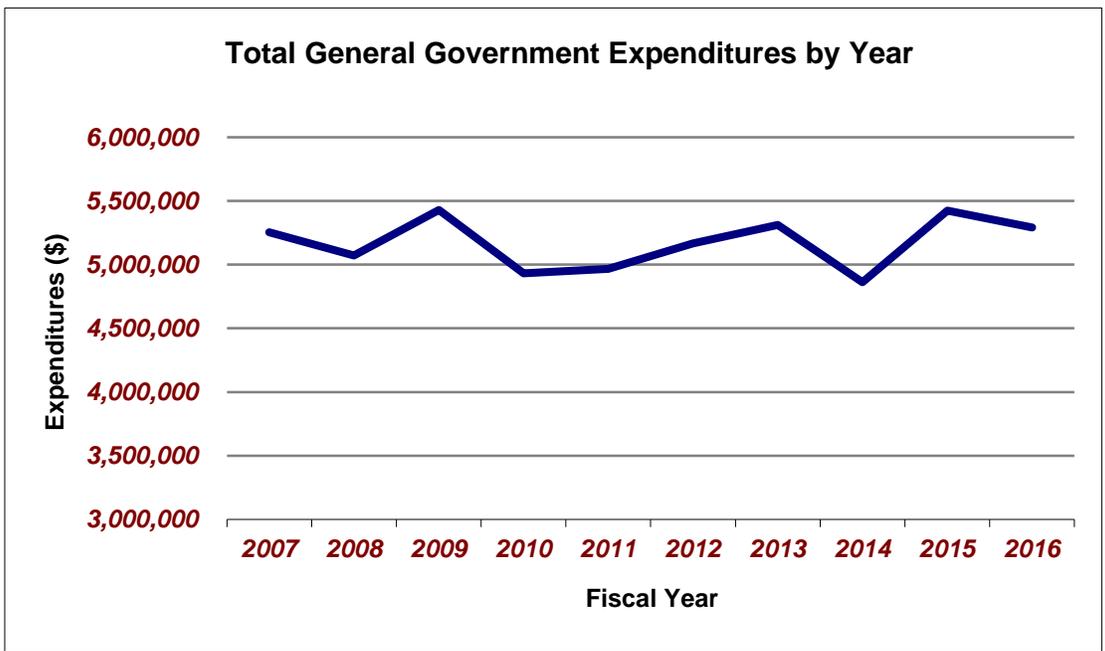
City of Elberton, Georgia
General Government Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial	Public Safety	Public Works	Health and Welfare
2007	725,386	97,015	2,122,180	1,079,879	5,000
2008	717,350	103,447	2,171,102	1,208,520	5,900
2009	739,722	100,616	2,234,428	1,281,083	9,900
2010	795,652	102,716	2,309,661	1,117,742	9,900
2011	872,270	100,857	2,390,993	1,091,821	11,900
2012	688,978	104,845	2,285,569	1,083,913	9,000
2013	633,371	106,007	2,354,039	1,016,610	67,100
2014	651,547	105,292	2,364,581	982,393	58,144
2015	672,278	66,599	2,437,382	915,303	60,275
2016	703,782	70,554	2,339,551	845,280	65,687

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



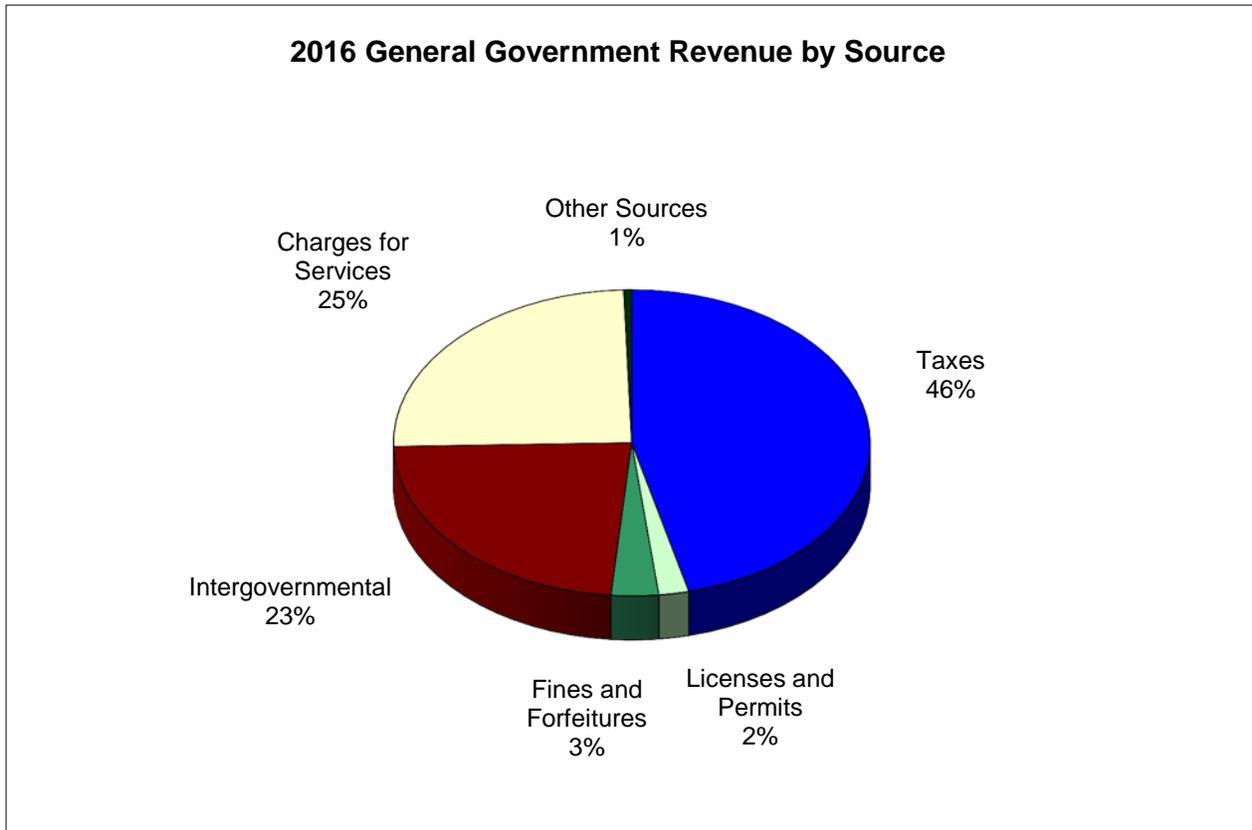
Culture and Recreation	Housing and Development	Capital Projects	Debt Service	Total
155,888	192,520	807,331	70,033	5,255,232
186,597	234,047	380,548	64,220	5,071,731
142,491	412,796	457,778	51,023	5,429,837
146,215	242,834	118,417	89,306	4,932,443
139,290	195,955	152,138	11,087	4,966,311
143,053	239,926	604,058	7,392	5,166,734
146,973	243,343	730,831	13,279	5,311,553
123,278	244,853	265,348	67,248	4,862,684
154,024	267,994	783,372	67,248	5,424,475
163,982	289,497	747,542	67,248	5,293,123



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
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
2009	1,264,618	100,084	203,387	1,406,679	760,032	52,958	3,787,758
2010	1,317,624	103,994	202,828	796,805	781,097	21,440	3,223,788
2011	1,251,941	67,553	195,234	747,837	853,456	31,792	3,147,813
2012	1,180,126	70,936	161,225	860,372	739,942	12,449	3,025,050
2013	1,251,079	57,725	191,822	613,827	743,539	9,148	2,867,140
2014	1,304,264	54,238	169,016	604,528	708,204	16,669	2,856,919
2015	1,291,300	57,350	108,590	649,238	650,708	15,855	2,773,041
2016	1,336,308	58,890	92,915	672,241	720,025	15,392	2,895,771

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

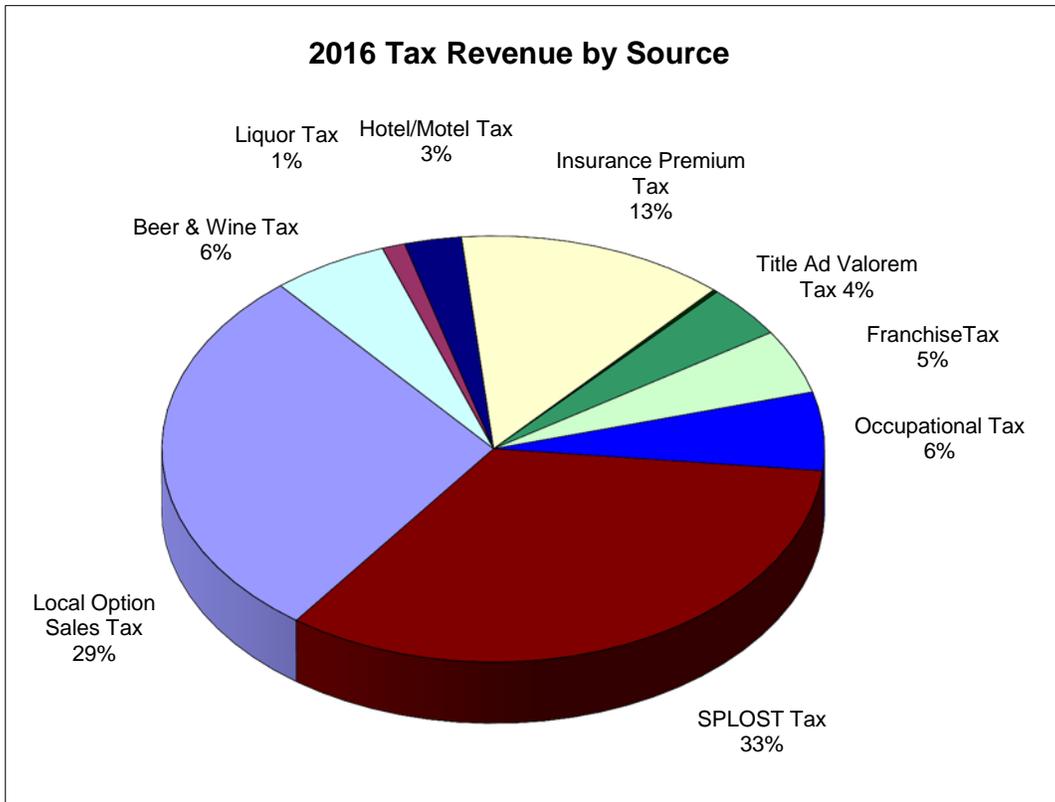


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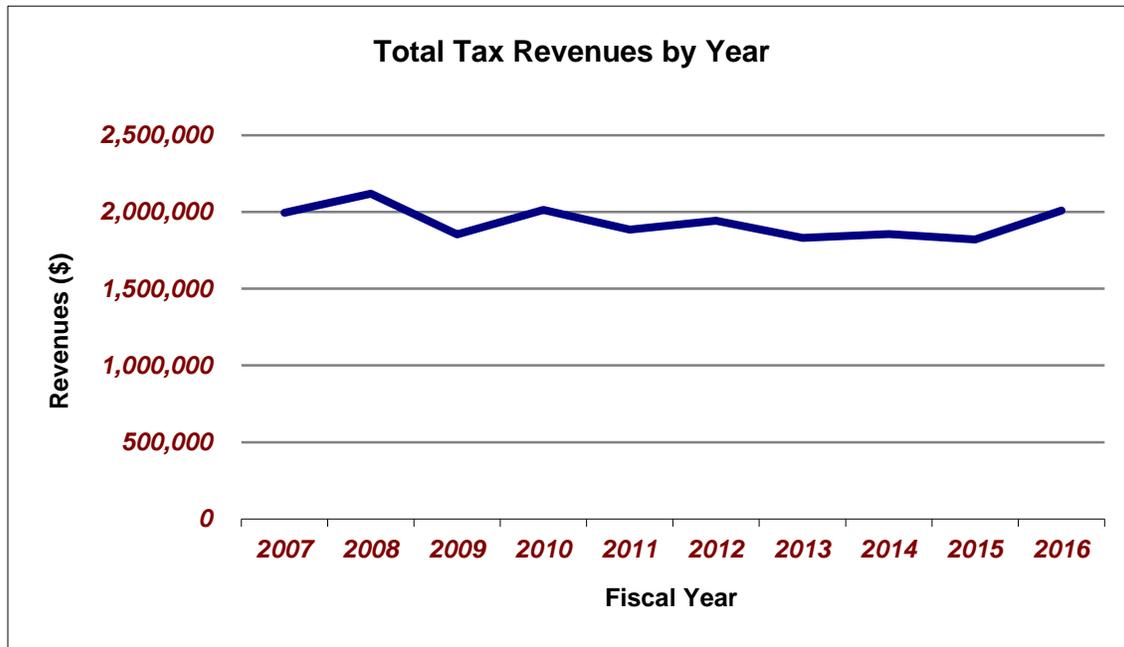
City of Elberton, Georgia
General Government Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Beer & Wine Tax	Liquor Tax	Hotel/Motel Tax (1)	Insurance Premium Tax	Intangible Tax
2007	131,161	21,791	66,505	248,533	12,786
2008	139,457	19,332	69,510	259,247	8,847
2009	136,964	21,261	66,655	265,457	5,888
2010	120,035	21,359	72,661	262,968	3,829
2011	121,973	21,145	58,651	255,324	3,160
2012	129,709	23,955	45,344	218,245	5,294
2013	129,775	19,394	51,865	231,813	7,061
2014	125,992	16,647	46,282	240,020	4,096
2015	132,047	19,366	49,138	246,913	3,739
2016	113,771	22,441	55,837	263,786	4,465

Note (1): Reported in the Hotel/Motel Tax Special Revenue Fund.
 Note (2): Reported as intergovernmental revenue in the SPLOST Capital Projects Funds.
 Note (3): In fiscal year 2013, the title ad valorem tax on motor vehicles became effective March 2013.



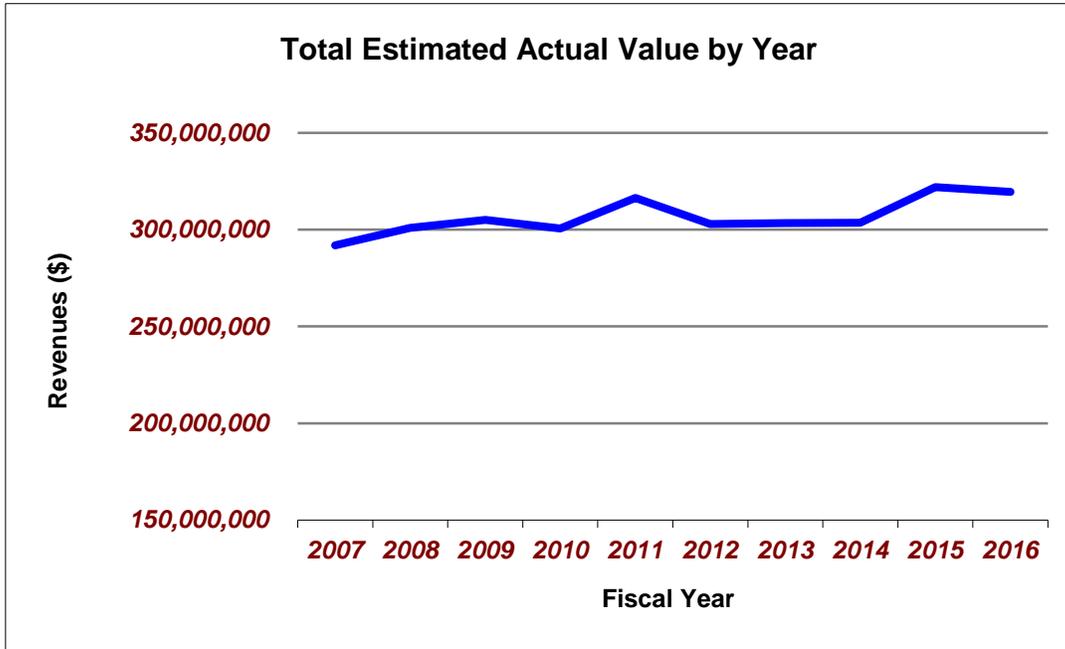
Title Ad Valorem Tax (3)	Franchise Tax	Occupational Tax	SPLOST Tax (2)	Local Option Sales Tax	Total
0	83,545	90,545	693,843	645,685	1,994,394
0	87,815	85,683	743,377	705,651	2,118,919
0	88,790	85,706	588,533	593,897	1,853,151
0	86,620	79,349	696,942	670,803	2,014,566
0	84,338	73,352	634,095	633,998	1,886,036
0	90,041	74,804	763,629	592,734	1,943,755
31,875	91,243	110,828	579,455	577,225	1,830,534
105,085	89,389	125,781	550,972	550,972	1,855,236
102,458	90,654	117,607	529,253	529,378	1,820,553
80,432	98,172	119,704	672,241	577,700	2,008,549



City of Elberton, Georgia
Assessed and Estimated Actual Value of Taxable Property
Digest Years 2006 - 2016

Calendar Year of Digest	Real Property	Motor Vehicles	Mobile Homes	Public Utilities
2007	104,047,358	9,171,830	350,700	3,208,144
2008	107,376,047	9,413,060	336,820	3,207,627
2009	108,796,885	9,682,470	329,556	3,207,627
2010	109,001,131	8,183,060	332,583	2,697,887
2011	115,566,725	8,075,750	208,676	2,697,887
2012	107,168,885	7,840,330	205,713	5,963,813
2013	107,293,014	7,888,040	172,078	5,991,509
2014	108,348,155	6,913,940	156,160	5,991,509
2015	117,102,330	5,114,940	174,615	6,390,465
2016	117,212,123	4,009,730	168,519	6,390,465

Source: Elbert County Tax Digest



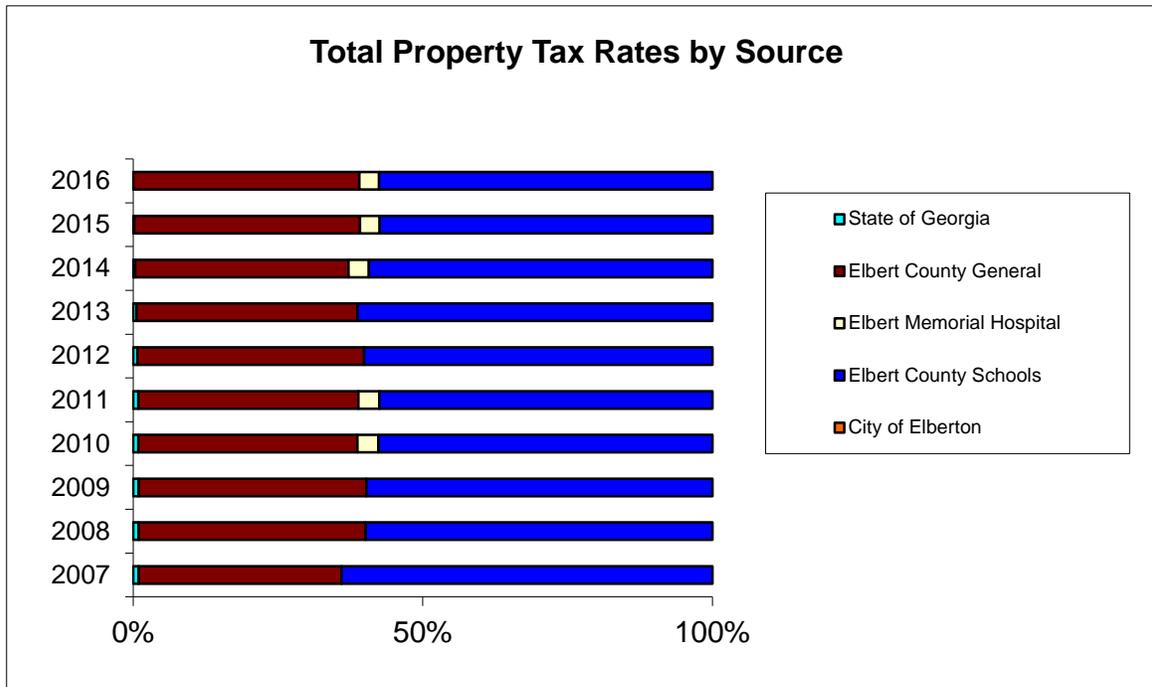
<u>Total Property</u>	<u>Less: Exemptions</u>	<u>Total Taxable Property</u>	<u>Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
116,778,032	(6,925,246)	109,852,786	291,945,080	0.00
120,333,554	(3,749,436)	116,584,118	300,833,885	0.00
122,016,538	(4,873,097)	117,143,441	305,041,345	0.00
120,214,661	(3,839,856)	116,374,805	300,536,653	0.00
126,549,038	(8,162,096)	118,386,942	316,372,595	0.00
121,178,741	(4,334,640)	116,844,101	302,946,853	0.00
121,344,641	(5,205,734)	116,138,907	303,361,603	0.00
121,409,764	(6,261,621)	115,148,143	303,524,410	0.00
128,782,350	(7,982,703)	120,799,647	321,955,875	0.00
127,780,837	(10,886,992)	116,893,845	319,452,093	0.00

City of Elberton, Georgia
Property Tax Rates
(per \$1,000 of Assessed Value)
Digest Years 2007 - 2016

Calendar Year of Digest	State of Georgia	Elbert County (Incorporated area)			Elbert County Schools	City of Elberton	Total Tax Rate
		Elbert County General	Elbert Memorial Hospital	Total County Tax Rate			
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
2009	0.25	10.50	0.00	10.50	15.95	0.00	26.70
2010	0.25	10.50	1.00	11.50	16.00	0.00	27.74
2011	0.25	10.57	1.00	11.57	16.00	0.00	27.81
2012	0.20	10.44	0.00	10.44	16.06	0.00	26.70
2013	0.15	10.41	0.00	10.41	16.72	0.00	27.28
2014	0.10	10.43	1.00	11.43	16.80	0.00	28.33
2015	0.05	11.44	1.00	12.44	16.86	0.00	29.35
2016	0.00	11.45	1.00	12.45	16.90	0.00	29.35

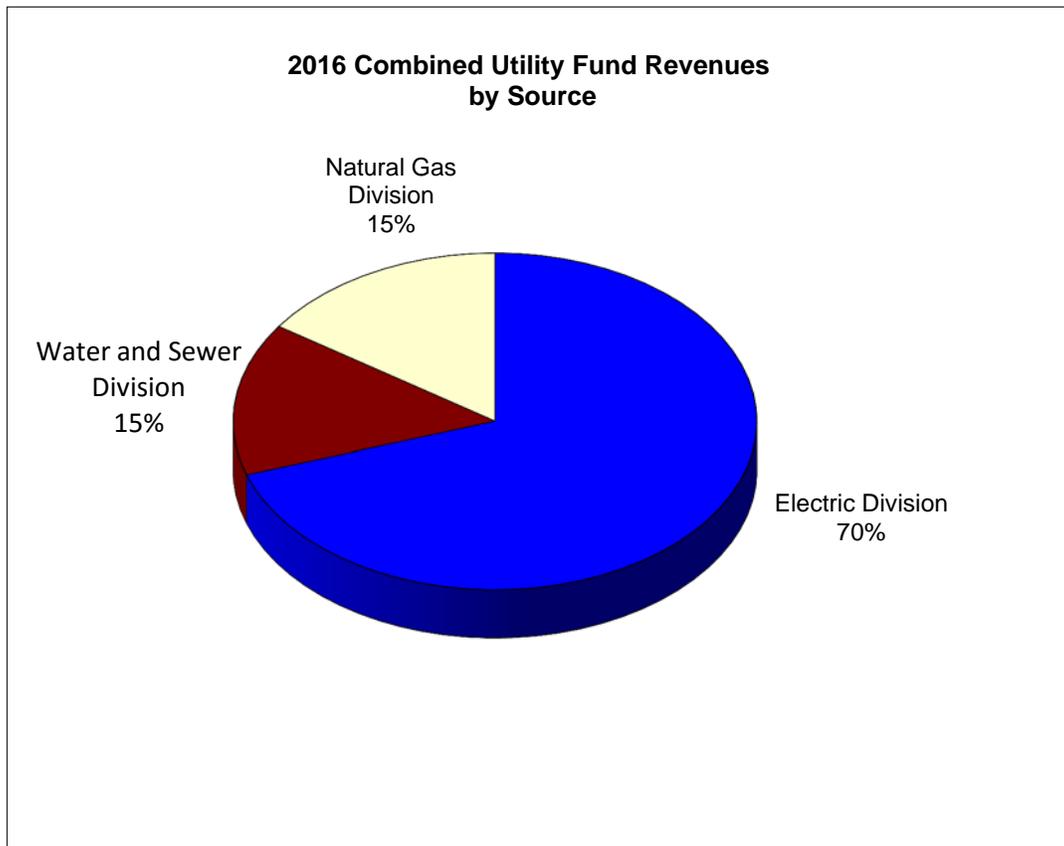
Source: Elbert County Tax Digest

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	Total
2007	13,771,411	2,919,135	5,394,928	22,085,474
2008	14,542,456	2,899,814	5,637,193	23,079,463
2009	14,469,316	2,885,781	5,288,635	22,643,732
2010	15,577,263	2,861,000	4,806,629	23,244,892
2011	15,737,432	2,783,284	4,335,416	22,856,132
2012	15,573,869	2,823,743	3,444,888	21,842,500
2013	15,845,922	2,845,625	4,196,331	22,887,878
2014	16,011,682	2,888,320	4,904,861	23,804,863
2015	15,324,173	3,082,987	4,068,943	22,476,103
2016	15,087,099	3,162,542	3,342,027	21,591,668



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			
2007	166,916 ⁽³⁾	10,705,000	0	5,504,241	16,376,154	2.92%	3,509
2008	150,078	10,195,000	0	4,781,435	15,126,513	2.60%	3,311
2009	104,540	9,665,000	0	3,774,468	13,544,008	2.38%	2,979
2010	17,950	9,110,000	0	4,082,771 ⁽²⁾	13,210,721	2.37%	2,839
2011	7,300	8,535,000	0	3,329,935	11,872,235	2.08%	2,598
2012	0	8,220,000	0	2,565,299	10,785,299	1.82%	2,392
2013	565,162 ⁽⁴⁾	7,500,000	0	1,917,369	9,982,531	N/A	2,219
2014	509,192	6,760,000	507,499 ⁽⁵⁾	1,562,987	9,339,678	N/A	2,070
2015	452,041	5,995,000	1,568,991	3,041,061 ⁽⁶⁾	11,057,093	N/A	2,466
2016	393,684	5,210,000	6,034,630 ⁽⁷⁾	2,477,256	14,115,570	N/A	3,170

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 leases to finance the expansion of the broadband and cable television distribution system.

Note (3): Increase to capital leases due to two new leases through Georgia Municipal Association for vehicle purchases.

Note (4): Capital lease to purchase a new fire ladder truck for the fire department.

Note (5): Note payable through Georgia Environmental Finance Authority for improvements to water system.

Note (6): Capital lease to finance the replacement of natural gas bare steel lines.

Note (7): Note payable through Northeast Georgia Bank for the refurbishment of the Samuel Elbert Hotel and GEFA for sewer plant improvements.

City of Elberton, Georgia
Computation of Legal Debt Margin
June 30, 2016

Net assessed value	\$	116,893,845
Debt limit - 10% of total assessed value		11,689,385
Total General Obligation bonds outstanding		<u>0</u>
Legal debt margin	<u>\$</u>	<u>11,689,385</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 2011 Combined Public Utility System Revenue Bonds	<u>5,210,000</u>	<u>1,170</u>
Total General Obligation and Guaranteed Revenue Debt	<u>\$ 5,210,000</u>	<u>\$ 1,170</u>

City of Elberton
Legal Debt Margin Information
Last Ten Fiscal Years

	FISCAL YEAR		
	2016	2015	2014
Debt Limit	\$ 11,689,385	\$ 12,079,965	\$ 11,514,814
Total Net Debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>11,689,385</u>	<u>12,079,965</u>	<u>11,514,814</u>
Ratio of Legal Debt Margin to Debt Limit	100%	100%	100%

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
\$ 11,613,891	\$ 11,684,410	\$ 11,838,694	\$ 11,637,481	\$ 11,714,344	\$ 11,658,412	\$ 10,985,279
0	0	0	0	0	0	0
11,613,891	11,684,410	11,838,694	11,637,481	11,714,344	11,658,412	10,985,279
100%	100%	100%	100%	100%	100%	100%

City of Elberton, Georgia
Revenue Bond Coverage
2001 Series Bonds for Water & Sewer Division
2011 Series Bonds for Water & Sewer Division
Combined Public Utility System Fund
Last Ten Fiscal Years

Fiscal Years	Debt Service			Water & Sewer Division			
	Principal	Interest	Total	Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
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
2009	530,000	483,680	1,013,680	2,885,781	2,474,822	410,959	0.41
2010	555,000	459,515	1,014,515	2,861,000	2,468,746	392,254	0.39
2011	575,000	434,714	1,009,714	2,783,284	2,492,082	291,202	0.29
2012	605,000	364,467	969,467	2,823,743	2,569,179	254,564	0.26
2013	720,000	215,635	935,635	2,845,625	2,644,162	201,463	0.22
2014	740,000	197,598	937,598	2,888,320	2,656,883	231,437	0.25
2015	765,000	195,038	960,038	3,082,987	2,625,126	457,861	0.48
2016	785,000	214,265	999,265	3,162,542	2,642,491	520,051	0.52

Combined Public Utility System Fund

Gross Revenue	Operating Expense	Net Revenue	Debt Coverage
22,085,474	19,389,273	2,696,201	2.66
23,079,463	19,259,740	3,819,723	3.77
22,643,732	18,673,234	3,970,498	3.92
23,244,892	17,542,823	5,702,069	5.62
22,856,132	18,194,895	4,661,237	4.62
21,842,500	18,786,633	3,055,867	3.15
22,887,878	19,029,155	3,858,723	4.12
23,804,863	19,158,536	4,646,327	4.96
22,476,103	19,643,825	2,832,278	2.95
21,591,668	18,484,433	3,107,235	3.11

City of Elberton, Georgia

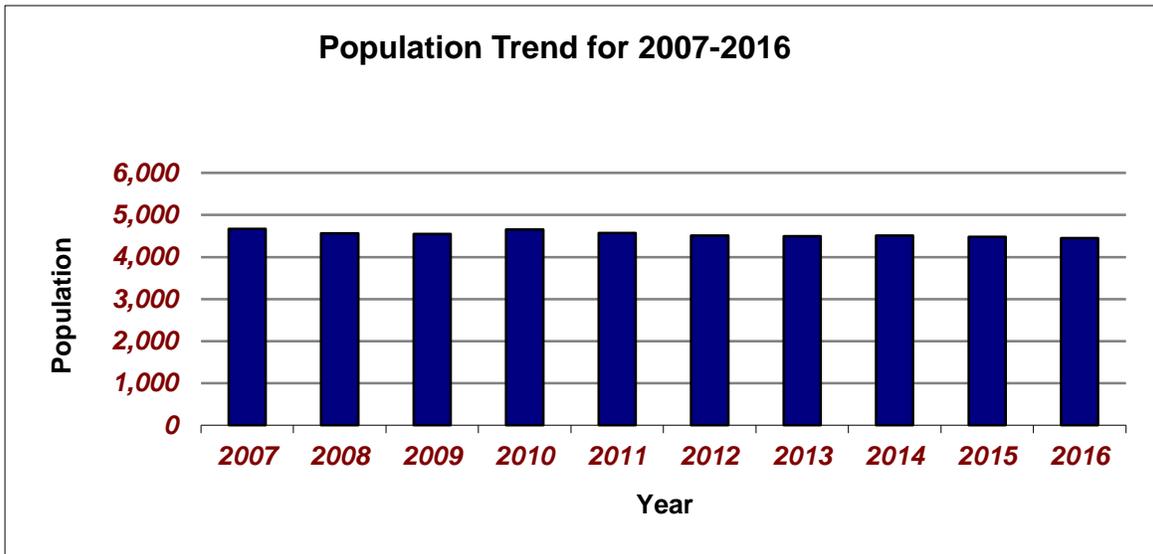
Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Unemployment Rate (2)	Median Household Income (3)	Per Capita Income (4)	Total Personal Income (4) (amounts in thousands)	School Enrollment (5)
2007	4,667	6.5%	33,344	27,281	560,650	3,437
2008	4,568	5.8%	34,986	28,375	581,038	3,358
2009	4,546	11.7%	32,865	28,008	569,548	3,424
2010	4,653	12.4%	30,543	27,754	558,390	3,341
2011	4,570	14.6%	32,046	28,713	570,984	3,278
2012	4,509	13.1%	35,053	30,099	592,472	3,220
2013	4,499	11.4%	35,817	30,416	593,531	3,105
2014	4,512	9.2%	35,170	31,716	616,501	3,049
2015	4,484	8.2%	N/A	N/A	N/A	3,009
2016	4,453	6.7%	N/A	N/A	N/A	3,079

- (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. Dept. of Commerce, Bureau of Economic Analysis
- (5) Elbert County Board 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	2016			2007		
	Number of Employees (1)	Rank	Percentage of Total for Principal Employers	Number of Employees (2)	Rank	Percentage of Total for Principal Employers
Pilgrims Pride Corp	293	1	20.74%	562	1	31.19%
Star Granite Company	218	2	15.43%			
MollerTech South LLC	152	3	10.76%			
Bubba Foods	143	4	10.12%			
Eagle Granite Company	120	5	8.49%			
Elbert Memorial Hospital	111	6	7.86%	230	3	12.76%
Everlasting Granite	104	7	7.36%	110	4	6.10%
Pinnacle Bank	98	8	6.94%			
Keystone Memorials	95	9	6.72%			
Whitlow Electric	79	10	5.59%	60	10	3.33%
Honeywell				427	2	23.70%
SR Plastics, Inc				104	5	5.77%
Carlise Coating				70	7	3.88%
Turner Concrete				70	8	3.88%
Walmart				104	6	5.77%
Imex				65	9	3.61%
Total for Principal Employers	1,413		100%	1,802		100%

Source:

(1) City of Elberton

(2) Elbert County Chamber of Commerce

Note: Governmental employers are not included in the ranking

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

Function	Full-time Equivalent Employees as of June 30				
	2016	2015	2014	2013	2012
Primary government					
General Government	5	5	5	5	5
Judicial	1	1	1	1	1
Public Safety					
Animal Control	1	1	1	1	1
Police	22	22	22	22	22
Fire	16	16	16	16	16
Public Works	10	11	11	12	14
Culture and Recreation	1	1	1	1	1
Housing and Development	2	2	2	2	2
Combined Public Utilities	41	41	40	46	47
ElbertonNET Technology Services	7	6	6	6	6
Solid Waste	12	12	12	12	11
Total primary government	<u>118</u>	<u>118</u>	<u>117</u>	<u>124</u>	<u>126</u>
Component unit					
Downtown Development Authority	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total employees	<u><u>119</u></u>	<u><u>119</u></u>	<u><u>118</u></u>	<u><u>125</u></u>	<u><u>127</u></u>

Source: City of Elberton Annual Budget

<u>Full-time Equivalent Employees as of June 30</u>				
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
6	7	8	8	8
1	1	1	1	1
1	1	1	1	1
22	23	22	22	22
16	19	19	19	19
14	14	15	16	16
1	1	1	1	1
2	2	2	2	1
48	48	48	48	48
6	6	7	7	7
11	11	11	11	11
<u>128</u>	<u>133</u>	<u>135</u>	<u>136</u>	<u>135</u>
<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<u>129</u>	<u>134</u>	<u>136</u>	<u>137</u>	<u>136</u>

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

Function	FISCAL YEAR		
	2016	2015	2014
Police			
Number of Citations	1,046	1,398	1,599
Number of Calls for Service	8,302	7,774	6,323
Fire			
Number of Calls Answered	255	244	263
Number of Inspections Conducted	390	514	418
Electrical Service:			
Number of customers	4,400	4,384	4,372
Kilowatt hours sold	129,984,996	135,569,236	142,837,883
Water & Sewer Service:			
Number of water customers	3,468	3,458	3,444
Gallons of water sold	453,497,843	439,992,472	418,102,962
Natural Gas Service:			
Number of customers	3,938	3,931	3,928
Cubic feet sold	354,308,102	395,448,001	439,296,494

Source: Various City Departments

FISCAL YEAR						
2013	2012	2011	2010	2009	2008	2007
2,660	2,081	2,529	2,095	2,203	2,510	1,998
6,750	7,535	8,542	4,852	5,218	4,125	4,227
238	204	295	299	255	307	280
465	212	288	316	534	407	252
4,432	4,477	4,484	4,508	4,554	4,571	4,593
150,210,061	150,187,217	149,315,808	149,630,117	151,699,419	155,845,065	158,921,697
3,464	3,508	3,524	3,521	3,553	3,553	3,561
440,791,336	460,021,368	451,648,930	469,613,481	478,893,842	503,882,368	536,608,535
3,973	4,045	4,036	4,069	4,091	4,133	4,181
394,789,619	331,140,000	374,576,000	428,663,000	397,483,000	408,918,410	405,554,000

City of Elberton
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	FISCAL YEAR		
	2016	2015	2014
Public safety			
Number of police stations	1	1	1
Number of fire stations	1	1	1
Highways and streets			
Miles of streets	53	53	53
Culture and Recreation			
Parks	4	4	4
Park acreage	29.42	29.42	29.42
Baseball/Softball fields	4	4	4
Tennis courts	6	6	6
Community Playgrounds	4	4	4
Electrical System			
# of Substations	3	3	3
# of Circuits	12	12	12
Miles of Distribution Line	164	164	164
Water and Sewerage System (MGD - Millions of Gallons per Day)			
Water System:			
Miles of water mains	124	124	124
Number of water treatment plants	1	1	1
Maximum daily capacity of treatment plants in gallons	3MGD	3MGD	3MGD
Sewer System:			
Miles of sanitary sewers	69	69	69
Number of wastewater treatment plants	2	2	2
Maximum daily capacity of treatment plant in gallons	1.5MGD	1.5MGD	1.5MGD
Natural Gas System			
Number of regulator stations	7	7	7
Miles of natural gas lines	195	195	195
Broadband System			
Miles of fiber optics	145	145	145
Miles of coaxial cable	188	188	186
Number of active nodes	33	33	31

Source: Various City Departments.

Note 1: No capital asset indicators are available for the general government function.

Note 2: Miles of gas, water and sanitary sewer mains were verified and updated in 2011 utilizing new GIS software. Actual extensions did not occur in 2011.

Note 3: Miles of city streets were verified and updated in 2013 utilizing new GIS software. Actual extensions did not occur in 2013.

FISCAL YEAR						
2013 ⁽³⁾	2012	2011 ⁽²⁾	2010	2009	2008	2007
1	1	1	1	1	1	1
1	1	1	1	1	1	1
53	35	35	35	35	35	35
4	4	4	4	4	4	4
29.42	29.42	29.42	29.42	29.42	29.42	29.42
4	4	4	4	4	4	4
6	6	6	6	6	6	6
4	4	4	3	3	3	3
3	3	3	3	3	3	3
12	12	12	12	12	11	11
163	163	163	163	163	162	162
124	121	121	107	107	107	107
1	1	1	1	1	1	1
3MGD	3MGD	3MGD	3MGD	3MGD	3MGD	3MGD
69	68	68	62	62	62	62
2	2	2	2	2	2	2
1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD	1.5MGD
7	7	7	7	7	7	7
195	192	192	182	181	181	181
110	104	99	95	70	65	65
184	165	151	151	106	96	92
27	25	24	22	15	14	14

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

Fiscal Year	Number of Permits	Estimated Construction Costs
2007	289	3,973,644
2008	411	3,077,483
2009	450	3,398,222
2010	197	7,445,351
2011	188	1,419,547
2012	122	2,916,596
2013	92	1,770,712
2014	100	3,056,851
2015	108	1,633,134
2016	114	6,178,322

Source: City of Elberton Building Inspection Office

City of Elberton, Georgia

Miscellaneous Statistics

June 30, 2016

Date of incorporation	December 10, 1803
Form of government	Mayor--Council--Manager
Population (Census 2010)	4,653
Area	3.5 square miles
Fire protection:	
Number of certified firefighters	17
Police protection:	
Number of sworn police officers	22
Education:	
Elementary schools (PreK - 5)	2
Number of teachers	54
Number of students	924
Middle schools (6 - 8)	1
Number of teachers	59
Number of students	868
High schools (9 - 12)	1
Number of teachers	55
Number of students	823
Schools of post-secondary education	1
Recreation and Culture:	
Libraries	1
Recreation centers	4
Municipal cemeteries	2
Total acreage	24.10
Number of employees:	
Full-time	119
Part-time	8

Source: Various city departments and local institutions

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Part IV

Other Reporting Section



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SINGLE AUDIT SECTION

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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Elberton, Georgia's basic financial statements and have issued our report thereon dated November 11, 2016.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 11, 2016

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Elberton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Elberton's major federal programs for the year ended June 30, 2016. The City of Elberton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Elberton, Georgia's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Elberton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Elberton, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Elberton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Elberton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Elberton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the

purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Elberton's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 11, 2016

CITY OF ELBERTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through:			
Georgia Environmental Finance Authority			
Capitalization Grants for Clean Water			
State Revolving Funds	66.458	CWSRF 14020	
Loans			\$ 826,561
Grants			<u>206,658</u>
			<u>1,033,219</u>
Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	DWSRF 13008	
Loans			400,655
Grants			<u>100,164</u>
			<u>500,819</u>
Total Federal Awards			<u><u>\$ 1,534,038</u></u>

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF ELBERTON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Elberton, Georgia, under programs for the federal government for the fiscal year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

The City of Elberton, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

CITY OF ELBERTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2016

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified	
Not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified	
not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
66.458 Capitalization Grants for Clean Water State Revolving Funds	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

2. Financial Statement Findings

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

CITY OF ELBERTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2016

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

STATE REPORTING SECTION

CITY OF ELBERTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2016

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
	2011 SPLOST				
Infrastructure Improvements	\$ 358,000	\$ 358,000	\$ 27,207	\$ 0	\$ 27,207
Recreation Facilities and Equipment	595,000	595,000	770,989	44,044	815,033
Downtown Elberton Revitalization	300,000	300,000	204,548	0	204,548
Public Safety Equipment	750,000	750,000	375,860	193,682	569,542
Public Works Equipment	125,000	125,000	206,187	577,064	783,251
Broadband Distribution System Improvements	350,000	350,000	324,856	0	324,856
Water and Sewer Distribution System Improvements	1,350,000	1,350,000	113,228	212,238	325,466
Total	\$ 3,828,000	\$ 3,828,000	\$ 2,022,875	\$ 1,027,028	\$ 3,049,903

* 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.