

CITY OF HELEN, GEORGIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

WALKER, PIERCE & TUCK, CPA'S, P.C.

**CITY OF HELEN, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2015
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INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Helen, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Helen, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Helen, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Helen, Georgia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. However, the budgetary comparison information is presented on pages 25-26 to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Combining Non-major Fund Financial Statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Non-major Fund Financial Statements and the Schedule of Expenditures of Special Purpose Local Option Sales Tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the City of Helen, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Helen, Georgia's internal control over financial reporting and compliance.

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

Walker, Pierce and Tuck, CPA's, P.C.
Gainesville, Georgia
December 15, 2015

CITY OF HELEN, GEORGIA

Statement of Net Position

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Unit</u>
Assets				
Cash and cash equivalents	\$ 2,531,933	\$ 1,048,454	\$ 3,580,387	\$ -
Receivables:				
Receivables(net)	342,581	62,310	404,891	-
Prepaid expenses	86,568	6,169	92,737	-
Restricted cash	-	85,715	85,715	-
Accrued revenue	-	6,668	6,668	-
Nondepreciable capital assets	1,767,908	644,929	2,412,837	-
Capital assets, net	<u>4,361,174</u>	<u>5,285,455</u>	<u>9,646,629</u>	<u>-</u>
Total assets	<u>9,090,164</u>	<u>7,139,700</u>	<u>16,229,864</u>	<u>-</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Accounts payable and other liabilities	140,714	103,066	243,780	-
Internal balances	127,463	(127,463)	-	-
Accrued balances	23,181	4,958	28,139	-
Noncurrent liabilities:				
Due within one year	100,982	61,787	162,769	-
Compensated Absences	157,702	26,570	184,272	-
Due in more than one year	<u>269,643</u>	<u>798,432</u>	<u>1,068,075</u>	<u>-</u>
Total liabilities	<u>819,685</u>	<u>867,350</u>	<u>1,687,035</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	5,758,457	5,070,165	10,828,622	-
Restricted for:				
Capital projects	911,230	-	911,230	-
Tree replacement	40	-	40	-
Tourism Promotion	48,696	-	48,696	-
Law Enforcement	4,326	-	4,326	-
Unrestricted	<u>1,547,730</u>	<u>1,202,185</u>	<u>2,749,915</u>	<u>-</u>
Total net position	<u>\$ 8,270,479</u>	<u>\$ 6,272,350</u>	<u>\$ 14,542,829</u>	<u>\$ -</u>

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

CITY OF HELEN, GEORGIA

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary government:								
Governmental activities								
General government	\$ 1,057,970	\$ 554,233	\$ 7,708	\$ 461,751	\$ (34,278)	\$ -	\$ (34,278)	\$ -
Public safety	996,138	113,602	17,849	3	(864,684)	-	(864,684)	-
Streets and sanitation	756,955	44,479	-	16,471	(696,005)	-	(696,005)	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	314,002	-	-	4,483	(309,519)	-	(309,519)	-
Miscellaneous government	-	-	-	-	-	-	-	-
Interest on long term debt	14,816	-	-	-	(14,816)	-	(14,816)	-
Total governmental activities	<u>3,139,881</u>	<u>712,314</u>	<u>25,557</u>	<u>482,708</u>	<u>(1,919,302)</u>	<u>-</u>	<u>(1,919,302)</u>	<u>-</u>
Business-type activities								
Water and Sewer	<u>946,278</u>	<u>760,076</u>	<u>-</u>	<u>-</u>		<u>(186,202)</u>	<u>(186,202)</u>	<u>-</u>
Total business-type activities	<u>946,278</u>	<u>760,076</u>	<u>-</u>	<u>-</u>		<u>(186,202)</u>	<u>(186,202)</u>	<u>-</u>
Total primary government	<u>\$ 4,086,159</u>	<u>\$ 1,472,390</u>	<u>\$ 25,557</u>	<u>\$ 482,708</u>			<u>(2,105,504)</u>	<u>-</u>
Component Units:								
Downtown Development Authority	\$ 106	\$ -	\$ -	\$ -			-	(106)
Total component units	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(106)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					506,645	-	506,645	-
Franchise tax					135,096	-	135,096	-
Sales taxes					712,818	-	712,818	-
Hotel/Motel taxes					946,925	-	946,925	-
Unrestricted Interest earnings					8,938	1,627	10,565	-
Miscellaneous					20,185	-	20,185	-
Transfers					(280,136)	280,136	-	-
Total general revenues, special items, and transfers					<u>2,050,471</u>	<u>281,763</u>	<u>2,332,234</u>	<u>-</u>
Change in net position					131,169	95,561	226,730	(106)
Net position-beginning					<u>8,139,310</u>	<u>6,176,789</u>	<u>14,316,099</u>	<u>106</u>
Net position-ending					<u>\$ 8,270,479</u>	<u>\$ 6,272,350</u>	<u>\$ 14,542,829</u>	<u>\$ -</u>

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

CITY OF HELEN, GEORGIA

Balance Sheet

Governmental Funds

June 30, 2015

	General Fund	Hotel/ Motel Tax Fund	Capital Projects Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 1,556,452	\$ -	\$ 473,904	\$ 493,139	\$ 8,438	\$ 2,531,933
Due from other governments	67,510	-	83,605	-	-	151,115
Receivables (net)	85,241	106,225	-	-	-	191,466
Prepaid expenditures	86,568	-	-	-	-	86,568
Due from other funds	67,379	-	-	-	-	67,379
Total assets	1,863,150	106,225	557,509	493,139	8,438	3,028,461
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows	\$ 1,863,150	\$ 106,225	\$ 557,509	\$ 493,139	\$ 8,438	\$ 3,028,461
Liabilities						
Accounts payable	\$ 64,186	\$ 46,473	\$ 26,036	\$ 240	\$ -	\$ 136,935
Payroll taxes	3,779	-	-	-	-	3,779
Accrued expenditures	17,864	-	-	-	-	17,864
Due to other funds	-	-	-	194,842	-	194,842
Total liabilities	85,829	46,473	26,036	195,082	-	353,420
Deferred inflows of resources	37,676	-	-	-	-	37,676
Total liabilities and deferred inflows	123,505	46,473	26,036	195,082	-	391,096
Fund balance						
Nonspendable:						
Prepaid expenditures	86,568	-	-	-	-	86,568
Restricted for:						
Capital projects	-	-	531,473	-	151	531,624
Law enforcement	-	-	-	-	8,247	8,247
Tourism Promotion	-	59,752	-	-	-	59,752
Committed:						
Tree fund memorial	-	-	-	-	40	40
Capital projects	-	-	-	298,057	-	298,057
Unassigned	1,653,077	-	-	-	-	1,653,077
Total Fund Balance	1,739,645	59,752	531,473	298,057	8,438	2,637,365
Total liabilities, deferred inflows and fund balances	\$ 1,863,150	\$ 106,225	\$ 557,509	\$ 493,139	\$ 8,438	\$ 3,028,461

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

CITY OF HELEN, GEORGIA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2015

Total fund balances - governmental funds \$ 2,637,365

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	12,690,115
Less: Accumulated depreciation	(6,561,033)

Accrued interest payable not reported in governmental funds	(5,317)
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Accrued personal leave not reported in governmental funds	(157,702)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of capital leases and revenue bonds.	(370,625)
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Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	37,676
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Net position of governmental activities	<u><u>\$ 8,270,479</u></u>
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CITY OF HELEN, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Revenues	<u>General Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Other Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property Taxes	\$ 500,535	\$ -	\$ -	\$ -	\$ -	\$ 500,535
Sales Taxes	712,818	-	-	-	-	712,818
Fines and Forfeitures	140,328	-	-	-	8,061	148,389
Intergovernmental	28,662	-	460,325	3	-	488,990
Charges for services	733,808	946,925	-	-	-	1,680,733
Donations	14,823	-	-	-	-	14,823
Interest	7,817	-	1,426	1,121	-	10,364
Miscellaneous	20,185	-	-	-	-	20,185
Total Revenue	<u>2,158,976</u>	<u>946,925</u>	<u>461,751</u>	<u>1,124</u>	<u>8,061</u>	<u>3,576,837</u>
 Expenditures						
Current						
General government	732,359	414,278	3,600	22	22	1,150,281
Public safety	940,582	-	-	-	4,140	944,722
Streets and Sanitation	481,445	-	35,950	179,865	-	697,260
Culture and Recreation	136,455	-	-	-	-	136,455
Debt Service						
Principal Retirement	86,825	-	-	-	-	86,825
Interest Charges	15,765	-	-	-	-	15,765
Capital Outlay	-	-	521,649	-	-	521,649
Total Expenditures	<u>2,393,431</u>	<u>414,278</u>	<u>561,199</u>	<u>179,887</u>	<u>4,162</u>	<u>3,552,957</u>
Excess (deficiency) of revenues over expenditures	<u>(234,455)</u>	<u>532,647</u>	<u>(99,448)</u>	<u>(178,763)</u>	<u>3,899</u>	<u>23,880</u>
 Other financing sources (uses)						
Transfers in	521,591	-	-	4,483	100	526,174
Transfers out	<u>(4,483)</u>	<u>(521,591)</u>	<u>(280,236)</u>	<u>-</u>	<u>-</u>	<u>(806,310)</u>
Total other financing sources and uses	<u>517,108</u>	<u>(521,591)</u>	<u>(280,236)</u>	<u>4,483</u>	<u>100</u>	<u>(280,136)</u>
Net change in fund balance	282,653	11,056	(379,684)	(174,280)	3,999	(256,256)
Beginning fund balance	<u>1,456,992</u>	<u>48,696</u>	<u>911,157</u>	<u>472,337</u>	<u>4,439</u>	<u>2,893,621</u>
Ending fund balance	<u>\$1,739,645</u>	<u>\$ 59,752</u>	<u>\$ 531,473</u>	<u>\$ 298,057</u>	<u>\$ 8,438</u>	<u>\$ 2,637,365</u>

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

CITY OF HELEN, GEORGIA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2015

Net change in fund balances-total governmental funds \$ (256,256)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$732,452) exceeded depreciation expense (\$361,619) in the current period. 370,833

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments. 86,825

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds, but considered as revenues in the government wide financial statements. This amount represents the reclassification of deferred inflows of resources. (28,677)

Change in accrued interest and amortization of deferred charges on long term debt 949

Long term liability for compensated absences. This represents the change in in vested benefit of employees for vacation pay earned but not taken as of the year end. (42,505)

Net Change in net position of governmental activities \$ 131,169

CITY OF HELEN, GEORGIA

Statement of Net Position

Proprietary Fund

June 30, 2015

	Water and Sewer Fund
Assets	
Current assets:	
Cash - operating	\$ 1,048,454
Accounts receivable (Net)	62,310
Due from other funds	194,842
Accrued revenue	6,668
Prepaid items	6,169
Total current assets	<u>1,318,443</u>
Noncurrent assets:	
Restricted cash	85,715
Capital assets	
Land	209,556
Buildings	22,982
Improvements other than buildings	8,348,888
Machinery and equipment	979,622
Construction in progress	435,373
Less: Accumulated depreciation	<u>(4,066,037)</u>
Total noncurrent assets	<u>6,016,099</u>
Total assets	<u>7,334,542</u>
Deferred outflows of resources	<u>-</u>
Liabilities	
Current liabilities:	
Accounts payable	17,351
Accrued expenses	4,958
Due to other funds	67,379
Customer deposits	85,715
Due within one year	61,787
Total current liabilities	<u>237,190</u>
Noncurrent Liabilities:	
Compensated Absences	26,570
Due in more than one year	<u>798,432</u>
Total noncurrent liabilities	<u>825,002</u>
Total liabilities	<u>1,062,192</u>
Deferred inflows of resources	<u>-</u>
Net Position	
Net investment in capital assets	5,070,165
Unrestricted	<u>1,202,185</u>
Total net position	<u>\$ 6,272,350</u>

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

CITY OF HELEN, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	<u>Water and Sewer Fund</u>
Operating Revenue	
Charges for Service	\$ 751,168
Connection Fees	8,883
Miscellaneous Income	<u>25</u>
 Total Operating Revenue	 760,076
Operating expenses	
Personnel services	
Compensation	194,343
Employment Taxes	11,750
Benefits	<u>42,554</u>
Total Personnel Services	248,647
Other operating expenses	
Purchased Water	7,375
Supplies	53,489
Repairs and Maintenance	154,805
Utilities	103,135
Rental Equipment	2,742
Miscellaneous	9,507
Depreciation	311,649
Insurance	17,646
Engineering, Lab Fees and Training	<u>7,259</u>
Total other operating expenses	<u>667,607</u>
 Total Operating Expenses	 <u>916,254</u>
 Operating Income (loss)	 (156,178)
Nonoperating revenues(expenses)	
Interest Income	1,627
Interest Expense	<u>(30,024)</u>
 Total Non-operating Revenues (Expenses)	 <u>(28,397)</u>
 (Loss) before transfers	 <u>(184,575)</u>
Transfer In	280,236
Transfer Out	<u>(100)</u>
 Total transfers	 <u>280,136</u>
 Change in Net Position	 95,561
 Net position-beginning	 <u>6,176,789</u>
 Net position-ending	 <u>\$ 6,272,350</u>

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

CITY OF HELEN, GEORGIA
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2015

	<u>Water and Sewer</u>
Cash flows from operating activities:	
Receipts from customers	\$ 760,883
Payments to suppliers	(348,290)
Payments to employees	(248,647)
Net cash provided by operating activities	<u>163,946</u>
Cash flows from noncapital financing activities:	
Increase in amounts Due to Other funds	19,066
Transfer to other funds	(100)
Net cash provided (used) by noncapital financing activities	<u>18,966</u>
Cash flows from capital and related financing activities:	
Transfers from other funds	280,236
Purchase of capital assets	(193,243)
Debt payments, principal and interest	(89,872)
Net cash provided (used) by capital and related financing activities	<u>(2,879)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,627</u>
Net cash provided by investing activities	<u>1,627</u>
Net increase in cash and cash equivalents	181,660
Cash and cash equivalents - beginning of year	<u>952,509</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,134,169</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (156,178)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	311,649
Changes in assets and liabilities:	
Receivables and accrued revenue	(728)
Accounts payable	(1,441)
Compensated absences	3,397
Accrued expenses	867
Prepaid items	1,340
Customer deposits	5,040
Net cash provided by operating activities	<u><u>\$ 163,946</u></u>
Noncash Investing, capital, and financing activities:	
-None-	

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

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A The Reporting Entity

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

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

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

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

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

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

In accordance with GASB 14 the following component unit is included in the City's financial statements under the Discretely Presented Component Unit caption.

1. The Downtown Development Authority is governed by a seven member board, appointed by the City Commission and is a separate legal, public body corporate and politic created and existing under instrumentality of the City of Helen for the purpose of acquiring and financing land to be leased to the City of Helen for use as a public pay parking lot. The Downtown Development Authority was legally dissolved during fiscal year 2015.

The above component unit's General Fund is reflected on the City's financial statements under the Discretely Presented Component Unit caption. No separate statements are available.

1-B Basis of Presentation and Basis of Accounting

Basis of Presentation – Government-Wide Statements

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

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

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

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

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

Measurement Focus, Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

1-C Assets, Liabilities, and Equity

Investments

As of June 30, 2015, the City did not have investments, nor are investments authorized.

Cash and Cash Equivalents

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

Restricted Assets

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

Receivables and Payables

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

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

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

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Property Tax Calendar

The City set its millage rate for 2014 on August 7, 2014 at 6.686 mils. Property tax bills were mailed on August 22, 2014 and were due November 15, 2014. Penalties and interest are due on all accounts not paid by the due date. Fifa's on delinquent tax accounts could be filed on November 16, 2014. The City contracts with the White County Tax Commissioner's Office to process tax bills, collect and remit tax payments. The fee for this service is \$5.00 per tax bill.

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

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

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

<i>Asset Class</i>	<i>Estimated Lives</i>	<i>Capitalization Threshold</i>
Buildings	35	\$2,500
Building Improvements	35	\$2,500
Vehicles	7-15	\$2,500
Equipment	5-25	\$2,500
Infrastructure	20-25	\$2,500

Compensated Absences

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

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

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

Estimates

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

Retirement Plans

The City sponsors the Helen Section 457 Deferred Compensation Plan, a defined contribution plan, for the benefit of its employees. All funding is from employee deferrals. In order to participate, an employee must work for the City for at least six months. From six months to two years, the employee contributes a percentage of salary. From year two to year five, the City will match up to 5% of the employee's salary. After the fifth year of employment, the City will match up to 10% of the employee's salary. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the City's financial statements. As administrator of the plan, the City may amend the plan at its discretion. For the year ending June 30, 2015, the fourteen (14) employee/participants contributed \$28,724 to the plan, and the employer matched with a contribution of \$25,970.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently the City has one revenue source, Fines and Forfeitures, that qualifies for reporting as a *deferred inflows of resources*.

1-D Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position."

Fund Balance - Generally fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance officer to assign fund balances.

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Notes to Financial Statements
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Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

Committed
Assigned
Unassigned

Net position - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net positions are reported as unrestricted.

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

NOTE 2. CASH

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

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

At June 30, 2015, all bank deposits were insured or fully collateralized.

NOTE 3. RECEIVABLES

The following is a summary of amounts due from others at June 30, 2015.

Governmental funds:	
Due from other governments	\$131,049
Fines receivable, net	44,581
Taxes receivable, net	165,537
Accounts receivable, net	<u>1,414</u>
Total governmental funds	\$342,581
Business-Type funds:	
Accounts receivable, net	<u>62,310</u>
Total receivables, all funds	<u>\$404,891</u>

NOTE 4. LITIGATION

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

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 5. LONG-TERM DEBT

The City's long-term debt consists of obligations under capital leases and revenue bonds and notes payable. The following is a summary of changes in long-term debt for the year ended June 30, 2015. The amounts reported as long-term debt in the Statement of Net Position represents amounts not expected to be paid with expendable available resources. The interest expense reported in the government-wide Statement of Activities for governmental activities is \$14,816 which was paid as a direct cost of long-term debt. In business-type activities, the City incurred \$89,872 as a direct cost of long-term debt.

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

Bonds -- On November 11, 1995, the City issued \$300,000 in Revenue Bonds for the purchase and development of a new Welcome Center. These bonds were issued at a rate of 3.25%, require monthly payments of \$2,111 and mature on June 1, 2016. Annual debt service requirements to amortize the 1995 series bonds are as follows:

Series 1995 revenue bonds for Welcome Center

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 31,981	\$ 775	\$ 32,756
Totals	<u>\$ 31,981</u>	<u>\$ 775</u>	<u>\$ 32,756</u>

Capital Leases -- The City has entered into capital lease agreements as lessee for financing the acquisition of land, police vehicles, equipment and a building. These leases qualify as capital leases for accounting purposes (i.e., title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the lease. Capital lease payments are reflected as debt service expenditures at the fund reporting level. The City has two capital lease arrangements outstanding at June 30, 2015.

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

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

The assets acquired through capital leases are as follows:

Asset	<u>Governmental Activities</u>
Land	\$ 211,250
Buildings	470,139
Equipment	101,426
Less accumulated depreciation	(142,499)
Total	<u>\$ 640,316</u>

Amortization expense is included with depreciation.

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

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

Total Governmental Capital Leases:

Total of all capital leases

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 69,001	\$ 12,367	\$ 81,368
2017	71,552	9,816	81,368
2018	74,197	7,171	81,368
2019	66,307	6,074	72,381
2020	57,587	2,211	59,798
Totals	\$ 338,644	\$ 37,639	\$ 376,283

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

Intergovernmental Loans

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

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

In August 2009, the City received a loan from Georgia Environmental Facilities Authority to borrow \$1,288,000 for the rehabilitation of the city’s wastewater treatment facility. In accordance with the American Recovery and Reinvestment Act of 2010 (“ARRA”) the lender has agreed to forgive 70% of the loan balance once construction is completed. Construction on the wastewater treatment facility was completed on June 30, 2012. The remaining 30% balance totaling \$386,400 is a 20 year note at 3.00 percent interest repaid by the City in monthly installments of \$2,143 beginning on January 1, 2013.

The maturities and debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 61,787	\$ 28,221	\$ 90,008
2017	63,795	26,213	90,008
2018	58,414	24,175	82,589
2019	55,032	22,260	77,292
2020	56,988	20,304	77,292
2021-2025	316,839	69,621	386,460
2026-2030	185,502	20,388	205,890
2031-2033	61,862	2,477	64,339
Totals:	\$ 860,219	\$ 213,659	\$ 1,073,878

CITY OF HELEN, GEORGIA
Notes to Financial Statements
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Changes in Long-Term Debt – Changes in the City’s long-term obligations, including current portions, consisted of the following for the year ended June 30, 2015:

	Outstanding 07/01/14	Additions	Reductions	Outstanding 06/30/15	Amount Due in One Year
Governmental Activities					
Revenue Bonds	\$ 52,215	\$ -	\$ 20,234	\$ 31,981	\$ 31,981
Capital Leases	405,235	-	66,591	338,644	69,001
Compensated Absences	115,197	42,505	-	157,702	
Total Governmental Activities	\$ 572,647	\$ 42,505	\$ 86,825	\$ 528,327	\$ 100,982
Business-Type Activities					
Intergovernmental Loans	\$ 920,067	\$ -	\$ 59,848	\$ 860,219	\$ 61,787
Compensated Absences	23,173	3,397	-	26,570	-
Total Business-Type Activities	\$ 943,240	\$ 3,397	\$ 59,848	\$ 886,789	\$ 61,787

Compensated absences are composed of accumulated personal leave pay at June 30, 2015, which will be paid from the General fund and the Water and Sewer fund.

NOTE 6. DEFERRED INFLOWS OF RESOURCES

Governmental fund financial statements:

Property Taxes	\$ 6,110	Imposed non-exchange transaction which is received beyond the City's period of availability.
Fines and Forfeitures	<u>31,566</u>	Imposed non-exchange transaction which is received beyond the City's period of availability.
Total	<u>\$ 37,676</u>	

NOTE 7. RISK MANAGEMENT

The City purchases Workers Compensation Insurance through the Georgia Municipal Association Worker’s Compensation Self Insurance Fund. The City’s policy year starts on January 1st and ends on December 31st of each year. The premium for the policy year of 2015 was \$97,052. The City also purchases General Liability Insurance through the Georgia Interlocal Management Agency. The City’s policy year starts May 1st and ends on April 30th of each year. The premium for the year ending April 30, 2015 was \$67,676.

As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 8. HOTEL-MOTEL TAX COMPLIANCE

As required by code section 48-13-51 of the O.C.G.A the city is required to contract with an independent nonprofit entity to spend 40% of the first 5% of the tax assessed on the promotion of tourism and trade. In addition, 50% of the amount assessed over 5% must also be expended for promotion of tourism and trade through the independent nonprofit entity. The remaining 50% of the additional 3% must be retained by the City and expended for the promotion of tourism and trade. At June 30, 2015, the City funds the Alpine Helen/White County Convention and Visitors Bureau for the expenditure of this tax revenue and provides the CVB with 43.74% percent of total tax collections. The City of Helen, Georgia is in compliance with O.C.G.A 48-13-51 for the year ending June 30, 2015.

Tax Collections:	\$946,925
Amount Provided to CVB:	\$414,278
City Promotion Expenditures:	\$521,591

NOTE 9. BUDGETS

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

	Budgeted Expenditures and <u>Other Financing Uses</u>	Actual Expenditures and <u>Other Financing Uses</u>	Actual in Excess of <u>Appropriations</u>
General Fund			
General Government	\$ 751,236	\$ 732,359	\$ -
Public Safety	942,514	942,514	-
Streets and Sanitation	518,289	481,445	-
Culture and Recreation	209,606	136,445	-
Debt Service	102,592	102,590	-
Transfers	300,000	4,483	-
Hotel/Motel Tax Fund	940,000	935,869	-
Confiscated Assets Fund	6,500	-	-
Police Technology Fund	5,000	4,140	-
Grant Fund	763,590	22	-
Tree Fund	200	-	-
Other Capital Projects Fund	368,000	179,887	-

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

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 10. CAPITAL ASSETS

	<u>Primary Government</u>				
	<u>Beginning</u>		<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending</u>
	<u>Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Balances</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Construction-in-Progress	\$ 581,104	\$ 490,000	\$ -	\$ (1,014,684)	\$ 56,420
Land and Improvements	1,679,595	31,893	-	-	1,711,488
Total Capital Assets Not Being Depreciated	2,260,699	521,893	-	(1,014,684)	1,767,908
Capital Assets Being Depreciated:					
Buildings	2,646,129	158,119	-	-	2,804,248
Vehicles	707,248	-	-	-	707,248
Equipment	472,070	52,440	1,592	(57,643)	465,275
Road network	5,873,109	-	-	1,072,327	6,945,436
Total Capital Assets Being Depreciated	9,698,556	210,559	1,592	1,014,684	10,922,207
Less Accumulated Depreciation For:					
Buildings	1,267,282	76,605	-	-	1,343,887
Vehicles	582,611	34,290	-	-	616,901
Equipment	245,745	41,123	1,592	(44,981)	240,295
Road Network	4,105,368	209,601	-	44,981	4,359,950
Total Accumulated Depreciation	6,201,006	361,619	1,592	-	6,561,033
Total Capital Assets Being Depreciated, Net	3,497,550	(151,060)	-	1,014,684	4,361,174
Governmental Activity Assets, Net	\$ 5,758,249	\$ 370,833	\$ -	\$ -	\$ 6,129,082
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 209,556	\$ -	\$ -	\$ -	\$ 209,556
Construction-in-Progress	297,589	137,784	-	-	435,373
Total Capital Assets Not Being Depreciated	507,145	137,784	-	-	644,929
Capital Assets Being Depreciated:					
Buildings	22,982	-	-	-	22,982
Equipment	933,459	55,459	9,296	-	979,622
Water and Sewer System	8,368,984	-	20,095	-	8,348,889
Total Capital Assets Being Depreciated	9,325,425	55,459	29,391	-	9,351,493
Less Accumulated Depreciation For:					
Buildings	19,139	1,276	-	-	20,415
Equipment	852,953	32,232	9,296	-	875,889
Water and Sewer System	2,911,688	278,141	20,095	-	3,169,734
Total Accumulated Depreciation	3,783,780	311,649	29,391	-	4,066,038
Total Capital Assets Being Depreciated, Net	5,541,645	(256,190)	-	-	5,285,455
Business-Type Activity Assets, Net	\$ 6,048,790	\$ (118,406)	\$ -	\$ -	\$ 5,930,384

Depreciation expense was charged to functions as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 53,756	Water and Sewer	\$ <u>311,649</u>
Public Safety	68,801		
Streets and Sanitation	<u>239,062</u>		
Total Depreciation	<u>\$ 361,619</u>		

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 11. INTERFUND BALANCES AND TRANSFERS

<u>Due To</u>	<u>Due From</u>		
	<u>Other Capital Projects Fund</u>	<u>Water & Sewer Fund</u>	<u>Totals</u>
	General Fund	\$ -	\$ 67,379
Water & Sewer	194,842	-	194,842
Totals	\$ 194,842	\$ 67,379	\$ 262,221

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		<u>Transfer from</u>				
		<u>Capital Projects</u>	<u>Hotel/Motel Tax</u>	<u>Enterprise Fund</u>	<u>General Fund</u>	<u>Total</u>
Transfer	General Fund	\$ -	\$ 521,591	\$ -	\$ -	\$ 521,591
to	Other Capital Projects	-	-	-	4,483	4,483
	Grant Fund	-	-	100	-	100
	Enterprise Fund	280,236	-	-	-	280,236
	Total	\$ 280,236	\$ 521,591	\$ 100	\$ 4,483	\$ 806,410

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

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

NOTE 12. ALLOWANCE FOR UNCOLLECTABLE TAXES AND ACCOUNTS

The balance of taxes and accounts receivable at June 30, 2015, are net of the following allowances for doubtful accounts.

<u>Fund</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Fines</u>
General	\$ 73	\$ 4,290	\$18,516
Enterprise	-	13,595	-
	\$ 73	\$17,885	\$18,516

CITY OF HELEN, GEORGIA
Notes to Financial Statements
June 30, 2015

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2015, the City paid \$570 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

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

NOTE 14. SUBSEQUENT EVENTS

On October 15, 2015, the City approved a loan, not to exceed \$413,490, from the Drinking Water State Revolving Fund which is administered by the Georgia Environmental Finance Authority for the purpose of extending the Hamby Street water lines. The first draw on the loan was taken on July 17, 2015. The loan is for a ten year term at .66%. Payments will begin on July 1, 2017. Georgia Environmental Finance Authority will forgive \$103,373 of this loan. Debt covenant requires the City maintain a fixed coverage ratio of 1.05.

On July 15, 2015 the City signed a loan for \$350,000 at .50% for 10 years with the Georgia Environmental Finance Authority to finance the Willow Pond sewer line replacement project. Lender has agreed to forgive \$52,500 of this loan. Debt covenant requires the City to maintain a fixed coverage ratio of 1.05. Payments will begin on July 1, 2017.

Subsequent events have been evaluated through December 15, 2015.

CITY OF HELEN, GEORGIA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Budget to GAAP</u>	<u>Actual Amounts</u> <u>GAAP Basis</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Differences</u> <u>Over / (Under)</u>		<u>Final Budget</u> <u>Over / (Under)</u>
Revenues						
Property Taxes	\$ 507,991	\$ 507,991	\$ 500,535	\$ -	\$ 500,535	\$ (7,456)
Sales Taxes	635,000	646,000	712,818	-	712,818	66,818
Fines and Forfeitures	112,000	112,000	140,328	-	140,328	28,328
Intergovernmental	322,000	322,000	28,662	-	28,662	(293,338)
Charges for Services	747,780	778,160	733,808	-	733,808	(44,352)
Donations	12,823	18,646	14,823	-	14,823	(3,823)
Interest	7,000	10,000	7,817	-	7,817	(2,183)
Transfers	421,875	421,875	521,591	-	521,591	99,716
Prior Year Fund Balance	15,768	15,768	-	-	-	(15,768)
Miscellaneous	10,000	10,000	20,185	-	20,185	10,185
Total Revenues	<u>2,792,237</u>	<u>2,842,440</u>	<u>2,680,567</u>	<u>-</u>	<u>2,680,567</u>	<u>(161,873)</u>
Expenditures						
Current Operating:						
General government	751,236	761,832	732,359	-	732,359	(29,473)
Public safety	910,514	941,473	940,582	-	940,582	(891)
Streets and sanitation	518,289	526,937	481,445	-	481,445	(45,492)
Culture and recreation	209,606	209,606	136,455	-	136,455	(73,151)
Debt service	102,592	102,592	102,590	-	102,590	(2)
Transfers	300,000	300,000	4,483	-	4,483	(295,517)
Total Expenditures	<u>2,792,237</u>	<u>2,842,440</u>	<u>2,397,914</u>	<u>-</u>	<u>2,397,914</u>	<u>(444,526)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	282,653	<u>\$ -</u>	282,653	<u>\$ 282,653</u>
Fund Balance - beginning			1,456,992		1,456,992	
Fund Balance - ending			<u>\$ 1,739,645</u>		<u>\$ 1,739,645</u>	

See accompanying notes to budgetary comparison schedule.

CITY OF HELEN, GEORGIA
Budgetary Comparison Schedule
Hotel/ Motel Tax Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Budgetary</u>	<u>Budget to GAAP</u>	<u>Actual</u> <u>GAAP Basis</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Differences</u> <u>Over / (Under)</u>		<u>Final Budget</u> <u>Over / (Under)</u>
Revenues						
Charges for services	\$ 750,000	\$ 948,000	\$ 946,925	\$ -	\$ 946,925	\$ (1,075)
Total Revenues	<u>750,000</u>	<u>948,000</u>	<u>946,925</u>	<u>-</u>	<u>946,925</u>	<u>(1,075)</u>
Expenditures						
Current Operating:						
General government	328,125	414,750	414,278	-	414,278	(472)
Other financing uses						
Transfers out	<u>421,875</u>	<u>533,250</u>	<u>521,591</u>	<u>-</u>	<u>521,591</u>	<u>\$ (11,659)</u>
Total Expenditures	<u>750,000</u>	<u>948,000</u>	<u>935,869</u>	<u>-</u>	<u>935,869</u>	<u>(12,131)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	11,056	<u>\$ -</u>	11,056	<u>\$ 11,056</u>
Fund Balance - beginning			<u>48,696</u>		<u>48,696</u>	
Fund Balanced - ending			<u>\$ 59,752</u>		<u>\$ 59,752</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HELEN, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2015

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

- (a). Prior to June 1, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (b). Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
- (c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Council.

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

Budgetary Accounting

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

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

BUDGET AMENDMENTS

Amendments to the original budget appropriations were properly approved by the City Commission. For the year ended June 30, 2015, the following supplemental increases in appropriations were adopted:

<u>Fund Type</u>	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund	\$ 2,753,034	\$ 71,203	\$ -	\$ 2,824,237
Hotel/Motel Fund	850,000	90,000	-	\$ 940,000
Totals	<u>\$ 3,603,034</u>	<u>\$ 161,203</u>	<u>\$ -</u>	<u>\$ 3,764,237</u>

CITY OF HELEN, GEORGIA

Combining Fund Balance Sheet

Other Governmental Funds

June 30, 2015

Special Revenue Funds

	<u>Grant Fund</u>	<u>Tree Fund</u>	<u>Police Technology Fund</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ 151	\$ 40	\$ 8,247	\$ 8,438
Total assets	<u>\$ 151</u>	<u>\$ 40</u>	<u>\$ 8,247</u>	<u>\$ 8,438</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances				
Restricted for:				
Law enforcement	-	-	8,247	8,247
Capital projects	151	-	-	151
Committed:				
Tree fund memorial	-	<u>40</u>	-	<u>40</u>
Total fund balances	<u>151</u>	<u>40</u>	<u>8,247</u>	<u>8,438</u>
Total liabilities and fund balances	<u>\$ 151</u>	<u>\$ 40</u>	<u>\$ 8,247</u>	<u>\$ 8,438</u>

CITY OF HELEN, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year ended June 30, 2015

Special Revenue Funds

	<u>Grant Fund</u>	<u>Tree Fund</u>	<u>Police Technology Fund</u>	<u>Total</u>
Revenues				
Fines and Forfeitures	\$ -	\$ -	\$ 8,061	\$ 8,061
Total revenues	-	-	8,061	8,061
Expenditures				
Current:				
General government	22	-	-	22
Public safety	-	-	4,140	4,140
Total expenditures	<u>22</u>	<u>-</u>	<u>4,140</u>	<u>4,162</u>
Excess of revenues (expenditures)	(22)	-	3,921	3,899
Other financing sources and (uses)				
Transfers in	100	-	-	100
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Net changes in fund balance	78	-	3,921	3,999
Beginning fund balance	<u>73</u>	<u>40</u>	<u>4,326</u>	<u>4,439</u>
Ending fund balance	<u>\$ 151</u>	<u>\$ 40</u>	<u>\$ 8,247</u>	<u>\$ 8,438</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and City Commission
City of Helen, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Helen, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Helen, Georgia's basic financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of finding and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency, 2015-1, described in the accompanying schedule of findings and responses, to be a material weakness.

Compliance and Other Matters

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

City of Helen Georgia's Response to Findings

City of Helen, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Helen, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

Walker, Pierce & Tuck, CPA's, PC

Walker, Pierce & Tuck, CPA's, PC
Gainesville, Georgia
December 15, 2015



CITY OF HELEN, GEORGIA
Schedule of Findings and Responses
Year Ended June 30, 2015

Internal Control

2015-1

Condition: The City does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.

Criteria: The City should possess the ability to prepare its own financial statements or have access to someone with adequate technical training and education to review the financial statements prepared by others.

Cause: The City staff does not have the accounting skills necessary to prepare financial statements in accordance with accounting principles generally accepted in the United States.

Effect: The City does not possess adequate capabilities to prepare financial statements in accordance with accounting principles generally accepted in the United States.

Recommendation: The City should consider employing someone or contracting with another entity to review the financial statements prepared by the auditor.

Response: The City agrees with the finding and will consider the recommendation.

CITY OF HELEN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2015

<u>Project Description</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current</u>	
SPLOST 2009					
Roads, Streets, Sidewalks & Bridges	\$1,280,000	\$1,280,000	\$ 323,907	\$ 426,531	\$ 750,438
Water/Wastewater Improvements	1,850,000	1,850,000	357,003	239,219	596,222
Public Buildings and Grounds	250,000	250,000	108,237	35,286	143,523
Totals for SPLOST 2009	<u>\$3,380,000</u>	<u>\$3,380,000</u>	<u>\$ 789,147</u>	<u>\$ 701,036</u>	<u>\$1,490,183</u>
SPLOST 2014					
Water/Wastewater Improvements	\$ 974,909	\$ 974,909	\$ -	\$ 41,017	\$ 41,017
Roads, Streets, Bridges and Sidewalk Projects	1,170,039	1,170,039	-	85,019	85,019
Aquisition and/or Capital Improvement of Public Building	225,017	225,017	-	3,600	3,600
The Aquisition and/or Improvement of Computer and Communication Equipment	100,035	100,035	-	10,763	10,763
Totals for SPLOST 2014	<u>\$2,470,000</u>	<u>\$2,470,000</u>	<u>\$ -</u>	<u>\$ 140,399</u>	<u>\$ 140,399</u>

Note: SPLOST 2009 prior year expenditures have been updated to reflect their appropriate classification.