

CITY OF HAWKINSVILLE, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
AND
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditors' Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Proprietary Funds:	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Fund Net Position	14
Statement of Cash Flows	16
Notes to the Basic Financial Statements	18
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability - Georgia Municipal Employees Benefit System	52
Schedule of Contributions - Georgia Municipal Employees Benefit System	52
Notes to Schedule of Changes in the Net Pension Liability - Georgia Municipal Employees Benefit System	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - UDAG Grant	55
Notes to Required Supplementary Information	56
Supplementary Information:	
Combining Financial Statements - Non-major Governmental Funds:	
Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59
Other supplementary information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Special Revenue Funds:	
Cemetery Fund	61
Hotel / Motel Tax	62
2013 CHIP Grant	63
Hawkinsville Development Authority	64
Hawkinsville Downtown Development Authority	65
2014 CDBG	66
Capital Projects Funds:	
2010 SPLOST	67
General SPLOST	68
Debt Service Fund -	
Workforce Development Center	69

TABLE OF CONTENTS

Page

Schedules to Meet Regulatory Requirements:

Schedule of Projects - 2004 SPLOST	70
Schedule of Projects - 2010 SPLOST	71
ONEGeorgia Schedule of Source and Use of Funds - Award No. 01gp-116-2-4008	72
Community Development Block Grant Housing Program Grant Number 14p-x-116-2-5673: Source and Application of Funds Schedule	73
Project Cost Schedule	74

OTHER REQUIRED REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	75
Schedule of Findings and Responses	77

INDEPENDENT AUDITORS' REPORT

**GIDDENS, BENNETT & COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS
106 FIRST STREET • P.O. BOX 467
COCHRAN, GEORGIA 31014-0467

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
City of Hawkinsville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia (the City), as of and for the year ended June 30, 2015, 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.

Auditors' 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.

Basis for Qualified Opinion on Business Type Activities and Proprietary Fund Level Financial Statements

Prior to June 30, 1981, the City of Hawkinsville, Georgia did not capitalize capital asset acquisitions as required by accounting principles generally accepted in the United States of America, nor did the City of Hawkinsville, Georgia maintain a record of its capital assets. Assets acquired prior to June 30, 1981, were recorded at appraised values which is a departure from accounting principles generally accepted in the United States of America. The effect of this departure on the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund cannot be reasonably determined.

Qualified Opinion

In our opinion, except for the valuation and expensing of capital assets for the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund and the Training Facility Fund as described in the preceding paragraph, the financial statements referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund of the City of Hawkinsville, Georgia, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund and the fund level statement for the Sanitation Fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during the year ended June 30, 2015, the City adopted new accounting guidance in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress listed in the table of contents 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.

The City has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hawkinsville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and other supplementary information 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 a report, dated December 28, 2015, on our consideration of the City of Hawkinsville, 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 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 Hawkinsville's internal control over financial reporting and compliance.


GIDDENS, BENNETT & COMPANY, P. C.

Cochran, Georgia
December 28, 2015

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 654,380	\$ 799,992	\$ 1,454,372
Receivables (net of allowance, where applicable):			
Accounts	- - -	421,587	421,587
Interest	3,545	- - -	3,545
Taxes	30,891	- - -	30,891
Accounts receivable - fines	- - -	- - -	- - -
Notes	133,362	24,860	158,222
Other	15,466	38,368	53,834
Intergovernmental	127,133	- - -	127,133
Inventory	5,624	54,116	59,740
Prepaid items	4,198	11,328	15,526
Deposits	- - -	50	50
Note receivable - JONG	- - -	105,744	105,744
Investments	1,599,126	731,566	2,330,692
Nondepreciable capital assets	1,508,812	382,677	1,891,489
Depreciable capital assets, net	<u>4,978,273</u>	<u>6,527,726</u>	<u>11,505,999</u>
Total assets	<u>9,060,810</u>	<u>9,098,014</u>	<u>18,158,824</u>
DEFERRED OUTFLOWS OF RESOURCES -			
Pensions	<u>45,129</u>	<u>33,547</u>	<u>78,676</u>
LIABILITIES:			
Accounts payable	77,208	205,910	283,118
Interest payable	3,661	1,318	4,979
Other payables	- - -	62,563	62,563
Unearned revenue	49,398	- - -	49,398
Accrued liabilities	19,946	19,560	39,506
Noncurrent liabilities:			
Due within one year:			
Compensated absences	38,059	49,767	87,826
Notes payable	124,151	69,817	193,968
Capital leases payable	- - -	19,167	19,167
Post-closure care costs	- - -	5,239	5,239
Due in more than one year:			
Notes payable	206,234	638,500	844,734
Post-closure care costs	- - -	87,758	87,758
Pensions	<u>192,011</u>	<u>142,730</u>	<u>334,741</u>
Total liabilities	<u>710,668</u>	<u>1,302,329</u>	<u>2,012,997</u>
DEFERRED INFLOWS OF RESOURCES -			
Pensions	<u>69,257</u>	<u>51,481</u>	<u>120,738</u>
NET POSITION:			
Net investment in capital assets	6,156,700	6,313,523	12,470,223
Restricted for:			
Debt service	27,915	- - -	27,915
Capital projects	473,294	- - -	473,294
Community and economic development	153,622	- - -	153,622
Training facility improvements	248	- - -	248
Cemetery:			
Expendable	55	- - -	55
Nonexpendable	5,000	- - -	5,000
Unrestricted	<u>1,509,180</u>	<u>1,464,228</u>	<u>2,973,408</u>
Total net position	<u>\$8,326,014</u>	<u>\$7,777,751</u>	<u>\$16,103,765</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary Government							
Governmental activities:							
General government	\$1,180,296	\$ 78,225	\$ - - -	\$120,269	\$ (981,802)	\$ - - -	\$ (981,802)
Public safety:							
Fire protection	159,340	- - -	- - -	14,917	(144,423)	- - -	(144,423)
Law enforcement	629,582	- - -	- - -	14,918	(544,686)	- - -	(544,686)
Animal control	57,149	69,978	- - -	- - -	(57,149)	- - -	(57,149)
Public works	398,615	- - -	1,723	235,660	(161,232)	- - -	(161,232)
Culture and recreation	94,500	- - -	- - -	29,835	(64,665)	- - -	(64,665)
Community and economic development	327,421	38,260	235,194	8,956	(45,011)	- - -	(45,011)
Interest on long-term debt	<u>14,102</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>(14,102)</u>	<u>- - -</u>	<u>(14,102)</u>
Total governmental activities	<u>2,861,005</u>	<u>186,463</u>	<u>236,917</u>	<u>424,555</u>	<u>(2,013,070)</u>	<u>- - -</u>	<u>(2,013,070)</u>
Business-type activities:							
Water and Sewerage	1,223,962	1,284,462	- - -	506,000	- - -	566,500	566,500
Gas	2,604,748	3,048,168	- - -	- - -	- - -	443,420	443,420
Training Facility	239,171	76,008	4,253	- - -	- - -	(158,910)	(158,910)
Sanitation	<u>491,818</u>	<u>453,584</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>(38,234)</u>	<u>(38,234)</u>
Total business-type activities	<u>4,559,699</u>	<u>4,862,222</u>	<u>4,253</u>	<u>506,000</u>	<u>- - -</u>	<u>812,776</u>	<u>812,776</u>
Total primary government	<u>\$7,420,704</u>	<u>\$5,048,685</u>	<u>\$241,170</u>	<u>\$930,555</u>	<u>(2,013,070)</u>	<u>812,776</u>	<u>(1,200,294)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					550,580	- - -	550,580
Sales taxes					447,368	- - -	447,368
Franchise taxes					292,297	- - -	292,297
Insurance premium taxes					308,561	- - -	308,561
Alcoholic beverage taxes					73,185	- - -	73,185
Hotel / motel taxes					38,469	- - -	38,469
Financial institutions taxes					15,048	- - -	15,048
Interest and investment earnings					10,501	4,947	15,448
Miscellaneous					51,670	65,924	117,594
Transfers					<u>530,193</u>	<u>(530,193)</u>	<u>- - -</u>
Total general revenues and transfers					<u>2,317,872</u>	<u>(459,322)</u>	<u>1,858,550</u>
Change in net position					304,802	353,454	658,256
Net position - beginning, as restated					<u>8,021,212</u>	<u>7,424,297</u>	<u>15,445,509</u>
Net position - ending					<u>\$ 8,326,014</u>	<u>\$7,777,751</u>	<u>\$16,103,765</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>GENERAL FUND</u>	<u>UDAG GRANT FUND</u>	<u>2010 SPLOST CAPITAL PROJECTS FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
ASSETS:					
Cash on hand	\$ 400	\$ - - -	\$ - - -	\$ - - -	\$ 400
Cash - financial institutions	157,948	32,357	385,063	78,612	653,980
Receivables (net of allowance, where applicable):					
Interest	- - -	- - -	- - -	5	5
Property taxes	30,891	- - -	- - -	- - -	30,891
Accounts receivable - fines	- - -	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	133,362	133,362
Other	12,466	3,000	- - -	- - -	15,466
Intergovernmental	48,824	- - -	63,409	11,150	123,383
Interfund balances	- - -	- - -	- - -	4,269	4,269
Inventory, at cost	5,624	- - -	- - -	- - -	5,624
Prepaid items	4,198	- - -	- - -	- - -	4,198
Investments	- - -	1,599,126	- - -	- - -	1,599,126
Total assets	<u>\$260,351</u>	<u>\$1,634,483</u>	<u>\$448,472</u>	<u>\$227,398</u>	<u>\$2,570,704</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	UDAG GRANT FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 57,559	\$ - - -	\$ - - -	\$ 19,649	\$ 77,208
Interfund balances	4,269	- - -	- - -	- - -	4,269
Unearned revenue	49,398	- - -	- - -	- - -	49,398
Accrued liabilities	<u>19,946</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>19,946</u>
Total liabilities	<u>131,172</u>	<u>- - -</u>	<u>- - -</u>	<u>19,649</u>	<u>150,821</u>
DEFERRED INFLOWS OF RESOURCES -					
Unavailable revenue - property tax	<u>26,304</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>26,304</u>
Total deferred inflows of resources	<u>26,304</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>26,304</u>
FUND BALANCES:					
Nonspendable:					
Prepaid items	4,198	- - -	- - -	- - -	4,198
Inventory	5,624	- - -	- - -	- - -	5,624
Cemetery fund principal	- - -	- - -	- - -	5,000	5,000
Restricted:					
Community and economic development	- - -	- - -	- - -	150,082	150,082
Capital projects	- - -	- - -	448,472	24,822	473,294
Debt service	- - -	- - -	- - -	31,540	31,540
Training facility improvements	248	- - -	- - -	- - -	248
Cemetery improvements	- - -	- - -	- - -	55	55
Assigned to -					
Community and economic development	- - -	1,634,483	- - -	- - -	1,634,483
Unassigned	<u>92,805</u>	<u>- - -</u>	<u>- - -</u>	<u>(3,750)</u>	<u>89,055</u>
Total fund balances	<u>102,875</u>	<u>1,634,483</u>	<u>448,472</u>	<u>207,749</u>	<u>2,393,579</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$260,351</u></u>	<u><u>\$1,634,483</u></u>	<u><u>\$448,472</u></u>	<u><u>\$227,398</u></u>	<u><u>\$2,570,704</u></u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$2,393,579

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 Balance Sheet:

Governmental capital assets	\$ 9,062,970	
Less: accumulated depreciation	<u>(2,575,885)</u>	6,487,085

Other receivables are not available to pay for
current period expenditures and therefore are
reported as unavailable revenue in the Governmental
Funds Balance Sheet -

Property taxes		26,304
----------------	--	--------

Other receivables are not available to pay for
current period expenditures:

Intergovernmental revenues	\$ 3,750	
Interest revenues	<u>3,540</u>	7,290

Interfund receivables and payables between
governmental funds are reported on the Governmental
Funds Balance Sheet but are eliminated on the
Statement of Net Position:

Interfund receivables	\$ 4,269	
Interfund payables	<u>(4,269)</u>	- - -

Deferred outflows and inflows of resources related to
pensions are applicable to future reporting periods,
and, therefore, are not reported on the Governmental
Funds Balance Sheet:

Deferred outflows	\$ 45,129	
Deferred inflows	<u>(69,257)</u>	(24,128)

Long-term liabilities, including notes payable,
compensated absences, capital leases payable,
and pensions, are not due and payable in the
current period and therefore are not reported
in the Governmental Funds Balance Sheet:

Accrued compensated absences	\$ (38,059)	
Notes payable	(330,385)	
Net Pension Liability	(192,011)	
Accrued interest payable	<u>(3,661)</u>	<u>(564,116)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$8,326,014

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	UDAG GRANT FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$1,665,324	\$ - - -	\$ - - -	\$ 38,469	\$1,703,793
Licenses and permits	93,076	- - -	- - -	- - -	93,076
Intergovernmental	49,453	- - -	384,871	270,285	704,609
Charges for services	- - -	- - -	- - -	2,260	2,260
Fines and forfeitures	69,978	- - -	- - -	- - -	69,978
Interest	3,062	79	924	7,791	11,856
Miscellaneous	<u>23,647</u>	<u>36,000</u>	<u>- - -</u>	<u>- - -</u>	<u>59,647</u>
Total revenues	<u>1,904,540</u>	<u>36,079</u>	<u>385,795</u>	<u>318,805</u>	<u>2,645,219</u>
EXPENDITURES:					
Current:					
General government	987,351	- - -	- - -	24,043	1,011,394
Public safety:					
Fire protection	159,340	- - -	- - -	- - -	159,340
Law enforcement	618,216	- - -	- - -	- - -	618,216
Animal control	57,013	- - -	- - -	- - -	57,013
Public works	367,156	- - -	- - -	38,750	405,906
Culture and recreation	94,500	- - -	- - -	- - -	94,500
Community and economic development	41,449	40,139	- - -	256,913	338,501
Capital outlay:					
General government	- - -	- - -	101,337	- - -	101,337
Public safety -					
Law enforcement	- - -	- - -	11,366	- - -	11,366
Public works	- - -	- - -	102,109	- - -	102,109
Culture and recreation	- - -	- - -	5,900	- - -	5,900
Debt service:					
Principal	- - -	101,060	- - -	19,194	120,254
Interest	<u>- - -</u>	<u>6,497</u>	<u>- - -</u>	<u>8,060</u>	<u>14,557</u>
Total expenditures	<u>2,325,025</u>	<u>147,696</u>	<u>220,712</u>	<u>346,960</u>	<u>3,040,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(420,485)</u>	<u>(111,617)</u>	<u>165,083</u>	<u>(28,155)</u>	<u>(395,174)</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	UDAG GRANT FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	<u>\$ (420,485)</u>	<u>\$ (111,617)</u>	<u>\$165,083</u>	<u>\$ (28,155)</u>	<u>\$ (395,174)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	622,435	132,226	- - -	43,907	798,568
Transfers out	<u>(159,183)</u>	<u>(17,107)</u>	<u>- - -</u>	<u>(14,426)</u>	<u>(190,716)</u>
Total other financing sources (uses)	<u>463,252</u>	<u>115,119</u>	<u>- - -</u>	<u>29,481</u>	<u>607,852</u>
NET CHANGE IN FUND BALANCES	42,767	3,502	165,083	1,326	212,678
FUND BALANCE - BEGINNING	<u>60,108</u>	<u>1,630,981</u>	<u>283,389</u>	<u>206,423</u>	<u>2,180,901</u>
FUND BALANCE - ENDING	<u>\$ 102,875</u>	<u>\$1,634,483</u>	<u>\$448,472</u>	<u>\$207,749</u>	<u>\$2,393,579</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, 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 CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$212,678**

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:

Expenditures for capital assets	\$ 270,200	
SPLOST assets transferred to Enterprise Funds	(77,659)	
Less: current year depreciation	<u>(257,464)</u>	(64,923)

In the Statement of Activities, only the loss on the
disposal of capital assets is reported, whereas in
the Governmental Funds, the proceeds from the sale
increase financial resources. Thus, the change in
net position differs from the change in fund balance
by the cost of the assets disposed.

Cost of disposed capital assets	\$ 52,513	
Accumulated depreciation of disposed capital assets	<u>(52,513)</u>	- - -

Revenues in the Statement of Activities that do not
provide current financial resources are not
reported as revenues in Governmental Funds:

Property taxes	\$ 6,667	
Grant revenues	3,750	
Note receivable interest	(420)	
Animal Control fees	(14,856)	
Other revenues	<u>(4,745)</u>	(9,604)

Long-term compensated absences are reported in the
Statement of Activities, but do not require the
use of current financial resources. Therefore,
long-term compensated absences are not reported as
expenditures in Governmental Funds. 12,147

City pension contributions are reported as expenditures
Governmental Funds when made. However, they are
reported as deferred outflows of resources in the
Statement of net position because the net pension
liability is measured nine months prior to the City's
report date. Pension expense which is the change in
the net pension liability adjusted for changes in
deferred outflows and inflows of resources related to
pensions, is reported in the Statement of Activities:

City pension contributions	\$ 45,129	
Pension expense	<u>(11,334)</u>	33,795

Issuance of long-term debt provides current financial
resources to Governmental Funds, while the repayment
of the principal of long-term debt consumes current
financial resources of Governmental Funds. Neither
transaction, however, has any effect on net position:

Notes and leases principal paid	\$ 120,254	
Interest paid	<u>455</u>	<u>120,709</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$304,802**

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	\$ 284,885	\$ 425,268	\$ 54,397	\$ 35,442	\$ 799,992
Receivables:					
Accounts	104,287	267,027	- - -	50,273	421,587
Other	3,355	32,694	2,104	215	38,368
Inventory	41,587	8,039	- - -	- - -	49,626
Inventory - gas storage	- - -	4,490	- - -	- - -	4,490
Prepaid items	6,667	554	1,360	2,747	11,328
Note receivable - JONG	- - -	24,860	- - -	- - -	24,860
Total current assets	<u>440,781</u>	<u>762,932</u>	<u>57,861</u>	<u>88,677</u>	<u>1,350,251</u>
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Note receivable - JONG	- - -	105,744	- - -	- - -	105,744
Investments	- - -	731,566	- - -	- - -	731,566
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Buildings	2,175,900	8,000	2,285,313	- - -	4,469,213
Improvements other than buildings	- - -	725,101	227,146	- - -	952,247
Machinery and equipment	22,461,564	621,471	284,974	318,567	23,686,576
Accumulated depreciation	<u>(20,914,644)</u>	<u>(640,687)</u>	<u>(848,447)</u>	<u>(176,532)</u>	<u>(22,580,310)</u>
Total long-term assets	<u>3,766,138</u>	<u>1,551,245</u>	<u>2,276,861</u>	<u>153,519</u>	<u>7,747,763</u>
Total assets	<u>4,206,919</u>	<u>2,314,177</u>	<u>2,334,722</u>	<u>242,196</u>	<u>9,098,014</u>
DEFERRED OUTFLOWS OF RESOURCES -					
Pensions	<u>20,762</u>	<u>1,093</u>	<u>- - -</u>	<u>11,692</u>	<u>33,547</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	<u>WATER AND SEWERAGE FUND</u>	<u>GAS FUND</u>	<u>TRAINING FACILITY FUND</u>	<u>SANITATION FUND</u>	<u>TOTAL</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 45,560	\$ 135,943	\$ 1,908	\$ 22,499	\$ 205,910
Interest payable	953	- - -	- - -	365	1,318
Customer deposits	36,913	25,650	- - -	- - -	62,563
Accrued expenses	9,033	4,381	2,254	3,892	19,560
Compensated absences	31,948	671	270	16,878	49,767
Notes payable	44,957	24,860	- - -	- - -	69,817
Capital leases payable	- - -	- - -	- - -	19,167	19,167
Post-closure care costs	- - -	- - -	- - -	5,239	5,239
Total current liabilities	<u>169,364</u>	<u>191,505</u>	<u>4,432</u>	<u>68,040</u>	<u>433,341</u>
Long-term liabilities:					
Notes payable	532,756	105,744	- - -	- - -	638,500
Post-closure care cost	- - -	- - -	- - -	87,758	87,758
Pensions	<u>88,335</u>	<u>4,649</u>	<u>- - -</u>	<u>49,746</u>	<u>142,730</u>
Total long-term liabilities	<u>621,091</u>	<u>110,393</u>	<u>- - -</u>	<u>137,504</u>	<u>868,988</u>
Total liabilities	<u>790,455</u>	<u>301,898</u>	<u>4,432</u>	<u>205,544</u>	<u>1,302,329</u>
DEFERRED INFLOWS OF RESOURCES -					
Pensions	<u>31,861</u>	<u>1,677</u>	<u>- - -</u>	<u>17,943</u>	<u>51,481</u>
NET POSITION:					
Net investment in capital assets	3,188,425	713,885	2,276,861	134,352	6,313,523
Unrestricted	<u>216,940</u>	<u>1,297,810</u>	<u>53,429</u>	<u>(103,951)</u>	<u>1,464,228</u>
Total net position	<u>\$3,405,365</u>	<u>\$2,011,695</u>	<u>\$2,330,290</u>	<u>\$ 30,401</u>	<u>\$7,777,751</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	\$1,284,462	\$3,048,168	\$ - - -	\$453,584	\$4,786,214
Rents	- - -	- - -	76,008	- - -	76,008
Miscellaneous	<u>21,811</u>	<u>- - -</u>	<u>26,114</u>	<u>93</u>	<u>48,018</u>
Total operating revenues	<u>1,306,273</u>	<u>3,048,168</u>	<u>102,122</u>	<u>453,677</u>	<u>4,910,240</u>
OPERATING EXPENSES:					
Salaries	315,504	19,595	58,898	145,145	539,142
Parts and supplies	80,872	24,262	41,706	1,373	148,213
Purchases	- - -	2,250,369	- - -	- - -	2,250,369
Supervision and engineering	- - -	145,354	13,401	- - -	158,755
Equipment rentals	35,123	- - -	- - -	- - -	35,123
Collection fees	16	- - -	- - -	- - -	16
Taxes	22,988	75,835	4,389	10,566	113,778
Vehicle expense	23,573	2,158	9,277	67,835	102,843
Utilities	234,086	3,140	26,731	2,347	266,304
Repairs and maintenance	80,751	2,318	15,381	65,040	163,490
Depreciation	203,842	22,938	53,949	18,022	298,751
Office expense	7,631	2,075	322	332	10,360
Medical	220	- - -	- - -	- - -	220
Insurance	149,679	7,248	12,180	67,247	236,354
Uniforms	2,920	- - -	332	90	3,342
Retirement	12,134	638	- - -	6,834	19,606
Advertising	878	3,600	- - -	- - -	4,478
Miscellaneous	35,181	27,290	2,605	326	65,402
Compactor contract	- - -	- - -	- - -	23,915	23,915
Landfill fees	- - -	- - -	- - -	81,862	81,862
Appliance incentive program	<u>- - -</u>	<u>3,550</u>	<u>- - -</u>	<u>- - -</u>	<u>3,550</u>
Total operating expenses	<u>1,205,398</u>	<u>2,590,370</u>	<u>239,171</u>	<u>490,934</u>	<u>4,525,873</u>
OPERATING INCOME (LOSS)	<u>100,875</u>	<u>457,798</u>	<u>(137,049)</u>	<u>(37,257)</u>	<u>384,367</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	\$ 100,875	\$ 457,798	\$ (137,049)	\$ (37,257)	\$ 384,367
NONOPERATING REVENUES (EXPENSES):					
Interest income	126	4,778	43	- - -	4,947
Interest charges	(12,343)	(4,460)	- - -	(884)	(17,687)
Gain (loss) on disposition of assets	(6,221)	(9,918)	- - -	- - -	(16,139)
Undistributed income from joint venture	- - -	22,159	- - -	- - -	22,159
Total nonoperating revenues (expenses)	(18,438)	12,559	43	(884)	(6,720)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	82,437	470,357	(137,006)	(38,141)	377,647
CAPITAL GRANTS AND CONTRIBUTIONS	529,959	4,700	49,000	- - -	583,659
TRANSFERS IN	6,823	28,641	115,946	48,435	199,845
TRANSFERS OUT	(115,754)	(686,313)	(570)	(5,060)	(807,697)
CHANGE IN NET POSITION	503,465	(182,615)	27,370	5,234	353,454
TOTAL NET POSITION - BEGINNING, as restated	2,901,900	2,194,310	2,302,920	25,167	7,424,297
TOTAL NET POSITION - ENDING	\$3,405,365	\$2,011,695	\$2,330,290	\$ 30,401	\$7,777,751

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$1,364,687	\$ 3,018,168	\$ 76,008	\$ 476,748	\$ 4,935,611
Payments to suppliers	(774,506)	(2,561,048)	(124,955)	(350,574)	(3,811,083)
Payments to employees	(321,559)	(19,461)	(57,527)	(149,795)	(548,342)
Other receipts (payments)	<u>390</u>	<u>423,908</u>	<u>26,856</u>	<u>(62)</u>	<u>451,092</u>
Net cash provided (used) by operating activities	<u>269,012</u>	<u>861,567</u>	<u>(79,618)</u>	<u>(23,683)</u>	<u>1,027,278</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	6,823	28,641	115,946	48,435	199,845
Transfers out	(115,754)	(686,313)	(570)	(5,060)	(807,697)
Payments on long-term debt - One Georgia	- - -	(27,740)	- - -	- - -	(27,740)
Interest paid on long-term debt	<u>- - -</u>	<u>(4,460)</u>	<u>- - -</u>	<u>- - -</u>	<u>(4,460)</u>
Net cash provided (used) by noncapital financing activities	<u>(108,931)</u>	<u>(689,872)</u>	<u>115,376</u>	<u>43,375</u>	<u>(640,052)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	(26,513)	(30,068)	- - -	- - -	(56,581)
Principal paid on capital debt	(43,837)	- - -	- - -	(18,558)	(62,395)
Interest paid on capital debt	<u>(12,432)</u>	<u>- - -</u>	<u>- - -</u>	<u>(1,237)</u>	<u>(13,669)</u>
Net cash provided (used) by capital and related financing activities	<u>(82,782)</u>	<u>(30,068)</u>	<u>- - -</u>	<u>(19,795)</u>	<u>(132,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends	126	4,778	43	- - -	4,947
Loan payments received from JONGL	<u>- - -</u>	<u>27,740</u>	<u>- - -</u>	<u>- - -</u>	<u>27,740</u>
Net cash provided (used) by investing activities	<u>126</u>	<u>32,518</u>	<u>43</u>	<u>- - -</u>	<u>32,687</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 77,425	\$174,145	\$ 35,801	\$ (103)	\$ 287,268
CASH AND CASH EQUIVALENTS - BEGINNING	<u>207,460</u>	<u>251,123</u>	<u>18,596</u>	<u>35,545</u>	<u>512,724</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$284,885</u>	<u>\$425,268</u>	<u>\$ 54,397</u>	<u>\$ 35,442</u>	<u>\$ 799,992</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$100,875	\$457,798	\$ (137,049)	\$ (37,257)	\$ 384,367
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	203,842	22,938	53,949	18,022	298,751
Pension expense	14,544	765	- - -	8,192	23,501
Employer pension contributions	(9,331)	(492)	- - -	(5,256)	(15,079)
Change in assets and liabilities:					
Receivables, net	54,199	(33,700)	- - -	23,164	43,663
Other receivables	390	423,908	742	(155)	424,885
Inventories	(303)	48,816	- - -	- - -	48,513
Prepaid items	(384)	105	35	(791)	(1,035)
Deferred outflows of resources - pensions	(20,762)	(1,093)	- - -	(11,692)	(33,547)
Accounts and other payables	(87,766)	(59,897)	1,334	(16,295)	(162,624)
Accrued expenses	- - -	(2,234)	- - -	(5,721)	(7,955)
Accrued salaries	2,256	393	1,101	762	4,512
Accrued compensated absences	7,237	560	270	3,344	11,411
Deposits	<u>4,215</u>	<u>3,700</u>	<u>- - -</u>	<u>- - -</u>	<u>7,915</u>
Net cash provided (used) by operating activities	<u>\$269,012</u>	<u>\$861,567</u>	<u>\$ (79,618)</u>	<u>\$ (23,683)</u>	<u>\$1,027,278</u>
NONCASH CAPITAL FINANCING ACTIVITIES -					
Contributions of capital assets	<u>\$529,959</u>	<u>\$ 4,700</u>	<u>\$ 49,000</u>	<u>\$ - - -</u>	<u>\$ 583,659</u>

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Hawkinsville, Georgia (City) is an incorporated municipality under the provisions of Georgia law. The City operates under a commissioner-manager form of government in lieu of a Mayor and Council. The Commissioners have all the rights and powers of a Mayor and Council and additional administrative powers as provided by the City Charter. The City provides various services, levies taxes, and issues licenses as provided by the Charter. These services include public safety, highways and streets, sanitation, wastewater treatment, water, gas, and administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant GASB pronouncements. The financial statements of the business-type activities apply pronouncements of the Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following is a summary of the more significant policies:

A. THE REPORTING ENTITY: As required by GAAP, the financial reporting entity consists of (1) the primary government (the City), (2) organizations for which the City is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the City are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The financial statements presented herein do not include agencies that have been formed under applicable state laws or separate and distinct units of government apart from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Some component units, because of the closeness of their relationship with the City, should be blended as though they are part of the City. Otherwise, most component units should be discretely presented. At present, there are three organizations which would be considered component units:

Hawkinsville Downtown Development Authority - Management has determined that the Hawkinsville Downtown Development Authority is considered to be a blended component unit of the City and is included as a Special Revenue Fund. The Hawkinsville Downtown Development Authority (the Authority) is governed by seven directors appointed by the City of Hawkinsville's Board of Commissioners. The Authority's purpose is to revitalize and redevelop the central business district of the City of Hawkinsville, Georgia. Because the Authority's total debt outstanding is expected to be repaid entirely or almost entirely with resources of the City, the Authority is reported as if it were part of the City's operations. Component unit financial statements are available from the Authority, 100 Lumpkin Street, Hawkinsville, Georgia.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

Hawkinsville Development Authority - Management has determined that the Hawkinsville Development Authority is considered to be a blended component unit of the City and is included as a Special Revenue Fund. The Hawkinsville Development Authority (HDA), an entity legally separate from the City, is governed by a seven member board appointed by the City Commission. HDA's purpose is to provide financing for new industries in Hawkinsville. To date, the HDA has provided \$1,200,000 in financing for the Speculative building that has been leased to the City. Because the HDA's only activity has been with the City, the HDA is reported as if it were part of the City's operations. Component unit financial statements are available from the City of Hawkinsville, 96 Broad Street, Hawkinsville, Georgia.

Hawkinsville Urban Redevelopment Agency - Management has determined that the Hawkinsville Urban Redevelopment Agency is considered to be a blended component unit of the City and is included as a Special Revenue Fund. The Hawkinsville Urban Redevelopment Agency (HURA), an entity legally separate from the City, is governed by an eleven member board appointed by the City Commission. HURA's purpose is to facilitate improvement of substandard buildings within the City. Because the HURA's only activity has been with the City, the HURA is reported as if it were part of the City's operations. Component unit financial statements are available from the City of Hawkinsville, 96 Broad Street, Hawkinsville, Georgia. On December 2, 2013, the City suspended operations of HURA indefinitely.

- B. RELATED ORGANIZATIONS:** The City's officials are responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making these appointments. The City commissioners appoint the board members of the Hawkinsville Historical Commission, Hawkinsville Housing Authority, Planning and Zoning Commission, and the Board of Registrars.

C. JOINT VENTURES:

Jointly Owned Natural Gas - The Jointly Owned Natural Gas (JONG) is a joint venture of the Cities of Warner Robins, Perry, Hawkinsville, Cochran, and Byron, Georgia. The JONG was established in 1953 with the purpose of providing maintenance and related services for the transmission line serving the member cities and customers. The JONG is governed by a board of directors composed of one member from each city. Each director has one vote. The investment is accounted for using the equity method.

Under the terms of the joint venture contract, each member owns its own separate section of the transmission line and maintains the cost of operating the particular section. Income earned by the JONG is allocated to each member based on various percentages as specified in the joint venture contract. Each member's equity share in the income and retained earnings of this joint venture is reported in the audited financial statements of the JONG. The income and retained earnings from the JONG as of and for the year ended September 30, 2014, are reported in the Gas Fund for the current year.

Income of \$22,159 was reported in the Gas Fund for the year ended June 30, 2015. Total investment in the JONG recorded as an investment by the Gas Fund totaled \$731,566 at June 30, 2015.

The City owns approximately 19.05% of the total assets of the JONG.

The audited financial statements of the JONG are on file with the City and copies are available upon request.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Middle Georgia Regional Commission - Under Georgia law, the City, in conjunction with municipalities and counties in the eleven (11) county Middle Georgia area are members of the Middle Georgia Regional Commission (MGRC). Membership in the MGRC is required for each municipality and county in the Middle Georgia region. The Official Code of Georgia Section 50-8-34 provides for the organizational structure. The MGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The City board members and municipal board members from the same county elect one Member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as a nonpublic member and a minority member who must be an elected official to serve as board members from a County. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of the MGRC. Separate financial statements for the MGRC are available from:

Middle Georgia Regional Commission
175C Emery Highway
Macon, GA 31217

- D. **JOINTLY GOVERNED ORGANIZATIONS:** The City, in connection with Pulaski County, has created the Library Board, Hawkinsville-Pulaski County Recreation Board, and the Pulaski County-Hawkinsville Development Authority. The board members for each organization are composed as follows:

Library Board - 6 appointed by City, 6 appointed by Pulaski County;
Hawkinsville-Pulaski County Recreation Board - 4 appointed by City, 5 appointed by Pulaski County; Pulaski County-Hawkinsville Development Authority - 2 appointed by City, with Commission Chairman, 3 appointed by Pulaski County along with sole Commissioner of Pulaski County, and 1 member at large.

The City's expenditures for June 30, 2015, were \$19,500 and \$75,000 to the Library Board and Hawkinsville-Pulaski County Recreation Board, respectively.

- E. **BASIC FINANCIAL STATEMENTS:** The basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. Both the government-wide financial statements and the fund financial statements categorize activities as either governmental activities or business-type activities. These statements provide valuable information that can be analyzed and compared.

Government-Wide Financial Statements - The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements display information about the reporting government as a whole and provide a consolidated financial picture of the government. All funds other than fiduciary activities are included at the government-wide reporting level. The primary government and the component unit are presented separately within the financial statements with the focus on the primary government. In the government-wide Statement of Net Position, both governmental and business-type activities and the component unit columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities, for each identifiable activity of the business-type activities of the City, and for each component unit of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the Statement of Activities.

The government-wide Statement of Activities also reports functional categories of programs provided by the City and demonstrates how and to what degree those programs are supported by specific revenues. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services relate to charges to customers who purchase, use, or directly benefit from goods or services provided by a given function. Grants and contributions refer to revenues restricted for specific functions for operational or capital requirements. The general revenues section displays revenues collected that help support all functions of the government and contribute to the change in the net position for the fiscal year. The gross expenses (including depreciation) are reduced by related program revenues, operating grants, and capital grants. The net costs (by function and business-type activity) are normally covered by general revenue.

Fund Financial Statements - Fund financial statements for the government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and proprietary funds. The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. The proprietary funds statements are presented on a full accrual, economic resources basis. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the statement which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

F. BASIS OF PRESENTATION: The financial transactions of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which the resources are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the City as a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. The non-major funds are combined in a column in the fund financial statements and detailed in the supplementary information section of this report.

Governmental Funds - Governmental Funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities - except those accounted for in other funds - are accounted for through governmental funds. The flow of current financial resources measurement focus is used for governmental funds. It is based on the determination of financial position, rather than on net income determination. Major Governmental Funds used by the City include:

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources and grants that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a substantial portion of fund's resources. The proceeds from these special revenue sources should be expected to continue to comprise a substantial portion of inflows.

UDAG Grant - This fund is used to account for and report economic development revenues and expenditures.

Capital Projects Funds - Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other aspects other than those financed by Proprietary Funds or for assets that will be held in trust for individuals, private organizations, or other governments.

2010 SPLOST - This fund is used to account for and report SPLOST revenues and expenditures to be used for a new City Hall, upgrading City property and equipment, Opera House repairs, renovation of the Old Firehouse, public safety, and grant matching funds.

Additionally, the City reports the following nonmajor governmental fund types:

Special Revenue Funds:

Cemetery Fund - This fund is used to account for and report revenues and expenditures for the maintenance of the City Cemetery.

Hotel / Motel Tax Fund - This fund is used to account for and report the hotel / motel taxes collected as required by law.

Mill Project - This fund is used to account for and report revenues and expenditures related to the Cotton Mill Lofts Project. During the year ended June 30, 2015, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

HOPE VI - This fund is used to account for and report revenues and expenditures of a Hope VI Main Street Grant for 11 housing units in the River Market Lofts Project. During the year ended June 30, 2015, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

2013 CHIP Grant - This fund is used to account for and report revenue and expenditures of a Community Home Investment Program Grant for housing rehabilitation.

Hawkinsville Development Authority - This fund is a blended component unit of the City and is used to account for and report the financing and construction of industrial and technological parks and facilities and to promote economic growth through opportunities for its citizens.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Hawkinsville Urban Redevelopment Agency - This fund is a blended component unit of the City and is used to account for and report revenues and expenditures related to improvement of substandard buildings within the City. During the year ended June 30, 2015, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

Hawkinsville Downtown Development Authority - This fund is a blended component unit of the City and is used to account for and report revenues and expenditures to revitalization and redevelopment of the central business district of the City.

2014 CDBG Grant - This fund is used to account for and report revenue and expenditures of the CDBG Grant for water system and sanitary sewer infrastructure improvements.

Debt Service Funds - Debt Service Funds are used to account for and report the accumulation of financial resources that are restricted, committed, or assigned to expenditure for general long-term debt principal, interest, and related costs, other than those payable from Proprietary Funds and Special Assessment Funds.

Workforce Development Center - This fund is used to account for and report the collection and disbursement of the 1% Special Purpose Local Option Sales Tax (SPLOST) needed to comply with the interest and principal requirements of the debt related to the construction of the Workforce Development Center.

Capital Projects Funds:

General SPLOST - This fund is used to account for and report the SPLOST revenues and expenditures to be used for public works, economic development, and office equipment.

Proprietary Funds - Proprietary Funds are accounted for using a flow of economic resources measurement focus. This measurement focus utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred without regard to the timing of receipt or payment. Proprietary Fund types include -

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Major Enterprise Funds used by the City include:

Water and Sewerage Fund - This fund was established for the control of the operating revenue and expenses of the water distribution system and sewerage processing system.

Gas Fund - This fund was established for control of the operating revenue and expenses of the natural gas distribution system.

Sanitation Fund - This fund was established for control of the operating revenue and expenses relating to garbage pickup and disposal.

Training Facility Fund - This fund was established for control of the operating revenues and expenses of the City's harness racing track facility.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

- G. **BASIS OF ACCOUNTING:** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase, "available for exchange transaction" means expected to be received within 60 days after year end.

Revenues - Nonexchange Transactions - Nonexchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days after year end) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: grants, interest on investments, and property taxes.

Fines and a related allowance are recorded as assessed, and fine revenue is recognized when collected.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as unearned revenue (i.e., they are measurable but not available) rather than as revenue. Sales taxes collected by the State of Georgia, Department of Revenue, for the December sales are reported as unearned revenue at year end. Property taxes receivable not collected within 60 days of year end have been recorded as unearned revenue. Grants received before the eligibility requirements are met also are recorded as unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Interfund Activity - The City has two types of interfund transactions. Services rendered transactions are accounted for as revenues and expenditures in the funds involved and operating appropriations are accounted as transfers in the funds involved. Intrafund transfers, except interfund services provided and used and reimbursements, are reported as transfers in or out in the funds involved as other financing sources. However, as a general rule, recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis government-wide financial statements.

- H. **CASH AND CASH EQUIVALENTS:** Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

- I. **CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS:** The City follows the practice of maintaining separate cash accounts for each fund.

Various restrictions on deposits and investments, including repurchase agreements, are imposed by State statutes. These restrictions are summarized below:

Deposits - All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. However, the City may waive the collateral requirement for operating funds placed in demand deposit accounts.

Investments - The City may invest and reinvest funds subject to its control and jurisdiction in obligations of the United States and of its agencies and instrumentalities; and in bonds or certificates of indebtedness of this State and of its agencies and instrumentalities; and certificates of deposit of banks that have deposits insured by the Federal Deposit Insurance Corporation. The City may also invest through the Georgia Fund 1 state investment pool and other specific Georgia and Georgia related financial instruments.

- J. **RECEIVABLES:** The City does not normally record an allowance for doubtful accounts. The City has established an accounts receivable write off policy for its Enterprise Funds where all accounts over 180 days old are considered uncollectible for financial reporting purposes. The City recorded a receivable of uncollected fines in the amount of \$57,341. Due to the delinquent nature of these fines, the City recorded an allowance for uncollectibles in the amount of \$57,341.
- K. **INTERFUND RECEIVABLES/PAYABLES:** Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." To the extent that these balances are between governmental funds, they have been eliminated on the government-wide financial statements. Any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances" and eliminated in the total primary government column.
- L. **PROPERTY TAXES:** Property taxes attach as an enforceable lien on property as of December 2. Taxes are levied on August 1, and are due and payable by December 1. All unpaid taxes levied August 1, become delinquent after December 1, and are recorded on or after March 1.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

- M. **INVENTORIES:** On government-wide financial statements, inventories are recorded at the lower of cost or market using the first in first out flow assumption and are accounted for using the consumption method.

On the fund financial statements, inventories of governmental funds are recorded at cost using the first in first out flow assumption and are accounted for using the purchases method.

- N. **PREPAID ITEMS:** Payments made to vendors for services that benefit periods beyond June 30, 2015, are recorded as prepaid items.

- O. **DEPOSITS:** Deposits at June 30, 2015, consisted of a \$50 utility deposit paid by the Gas Fund.

- P. **INVESTMENTS:**

Governmental Activities - These investments are held in the Special Revenue Fund - UDAG Grant and consist of investment property purchased for economic development purposes. This investment property is carried at cost.

Business-type Activities - This investment is the City's investment in Jointly Owned Natural Gas which is discussed in Note 1-C.

- Q. **CAPITAL ASSETS:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, water and sewerage distribution systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met.

All property, plant, and equipment acquired after June 30, 1981, is valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired before June 30, 1981, are recorded at appraised values which is a departure from GAAP. Donated property, plant, and equipment is valued at the estimated fair value on the date donated. General infrastructure assets acquired or constructed prior to July 1, 2003 are not reported in the financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired or constructed subsequent to July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The City follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. During the current fiscal year, no interest was capitalized.

Depreciation for capital assets is computed using the straight-line method over the assets estimated useful lives. The estimated useful lives for governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	20-40 years	20-40 years
Improvements other than buildings	20-50 years	20-50 years
Machinery and equipment	5-10 years	5-10 years
Infrastructure	20-50 years	N/A

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

- R. **OPERATING/NONOPERATING ITEMS:** Proprietary funds distinguish between operating and nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.
- S. **COMPENSATED ABSENCES:** Vacation leave is earned by all permanent City employees at the rate of twelve days per year for the first ten years of service. After ten years of service, the employees earn at a rate of fifteen days per year. Vacation leave may be accumulated and carried over to a maximum of forty-five days per employee. Upon separation from the City, employees are entitled to accumulated vacation leave. At June 30, 2015, accrued vacation leave of \$38,059 has been recorded in the government-wide Statement of Net Position in the Governmental Activities and \$49,767 in the proprietary fund financial statements, which represents the City's commitment to fund such cost from future operations. In governmental fund financial statements, the cost of vacation leave is recognized when due to employees.
- T. **LONG-TERM OBLIGATIONS:** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.
- U. **DEFERRED OUTFLOWS / INFLOWS OF RESOURCES:** The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2013. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net 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 has only one type of item, which arises under the accrual basis of accounting, that qualifies for reporting in this category. Pension plan contributions made subsequent to the measurement date of the Pension plan are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, and the Sanitation Fund. These amounts are deferred and recognized as outflows of resources in the period that the amounts become applicable.

In addition to liabilities, the statement of net 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 has several types of items that qualify for reporting in this category. Under the modified accrual basis of accounting, unavailable revenue from property taxes is reported only in the governmental funds balance sheet. Under the accrual basis of accounting, pension related items are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, and the Sanitation Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

- V. **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 - Fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 nonspendable 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 or contractually required to be maintained intact.

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

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

Unassigned - Fund balances are reported as unassigned when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed, then assigned, and finally unassigned funds, as needed.

The City does not have a formal minimum fund balance policy.

Net Position - Net position represent the difference between assets and liabilities. Net position is categorized as follows:

Net Investment in Capital Assets - This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position - This category results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Unrestricted Net Position - This category consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often designated to indicate that management does not consider it to be available for general operations. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

W. POST EMPLOYMENT HEALTH CARE BENEFITS: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. This program is offered for a duration of 18 months after the determination date. There is no cost to the City under this program. There were two former employees participating in this plan as of June 30, 2015.

X. CONTRIBUTED CAPITAL: Contributions of capital reported in proprietary fund financial statements and the government-wide financial statements arise from outside contributions of capital assets and grants or outside contributions of resources restricted to capital acquisition and construction.

2. CUSTODIAL CREDIT RISK - DEPOSITS: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Primary Government

The City does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$514,559 of the City's bank balance of \$1,487,199 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held in the pledging financial institution's trust department or agent in the City's name	<u>\$514,559</u>
Total	<u>\$514,559</u>

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund balances at June 30, 2015, consisted of the following amounts and represent charges for services or reimbursable expenses or expenditures. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City's intention is to repay interfund balances within one year from the date of the financial statements.

<u>Payable to:</u>	<u>Payable from:</u>	
	<u>General Fund</u>	<u>Total</u>
Nonmajor Governmental Fund - Hotel / Motel Tax	<u>\$4,269</u>	<u>\$4,269</u>
Total	<u>\$4,269</u>	<u>\$4,269</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS: (continued)

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Transfers to:</u>	<u>Transfers from:</u>		<u>Nonmajor Governmental Fund</u>	<u>Water and Sewerage Fund</u>	<u>Gas Fund</u>	<u>Training Facility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>UDAG Grant</u>						
General Fund	\$ - - -	\$ - - -	\$14,426	\$ 53,789	\$552,924	\$- - -	\$1,296	\$622,435
Special Revenue - UDAG	132,226	- - -	- - -	- - -	- - -	- - -	- - -	132,226
Nonmajor Governmental Funds	300	17,107	- - -	- - -	26,500	- - -	- - -	43,907
Water and Sewerage Fund	3,084	- - -	- - -	- - -	1,019	570	2,150	6,823
Gas Fund	135	- - -	- - -	27,780	- - -	- - -	726	28,641
Training Facility Fund	2,144	- - -	- - -	7,075	105,839	- - -	888	115,946
Sanitation Fund	<u>21,294</u>	<u>- - -</u>	<u>- - -</u>	<u>27,110</u>	<u>31</u>	<u>- - -</u>	<u>- - -</u>	<u>48,435</u>
Total	<u>\$159,183</u>	<u>\$17,107</u>	<u>\$14,426</u>	<u>\$115,754</u>	<u>\$686,313</u>	<u>\$ 570</u>	<u>\$5,060</u>	<u>\$998,413</u>

Transfers are used to move unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations and to return money to the fund from which it was originally provided, once a project is completed.

The transfers on the government-wide Statement of Activities differ from the transfers on the fund level Statement of Revenues, Expenditures, and Changes in Fund Balance by \$77,659 which is the cost of SPLOST assets transferred to Enterprise Funds.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

4. NOTES RECEIVABLE - MILL PROJECT:

During the year ended June 30, 2010, the City obtained a \$485,000 note receivable from Landmark Properties, LLC (Landmark). This note represents grant proceeds loaned to the developer, Landmark, to pay for environmental studies and testing and or environmental clean-up costs for the Mill Project. This note was subsequently modified to Cotton Mill Lofts, LLC. During the year ended June 30, 2013, the maturity date of the note was modified. The maturity date was extended to December 31, 2042. As of June 30, 2015, \$485,000 has been advanced. Unadvanced funds on this note at June 30, 2015, were \$-0-. Due to the terms of this note, the City has recorded an allowance in the amount of \$485,000.

The City also received a note receivable from Cotton Mill Lofts, LLC for funds expended by the City and for in kind services provided by the City for demolition, up-fit, appraisal and low income housing tax credit application costs of \$148,800. The maturity date of this note is December 31, 2042. Unadvanced funds on this note at June 30, 2015, were \$-0-. Due to the terms of this note, the City has recorded an allowance in the amount of \$148,800. During the year ended June 30, 2013, the maturity date of this note was extended to December 31, 2042 from November 3, 2024.

A description of the notes outstanding is as follows:

	<u>Amount Due</u>
Cotton Mill Lofts, LLC :	
The note is a single payment note deferred for twenty nine years including interest at 0% per annum. Payment in full will be due December 31, 2042.	\$ 485,000
Allowance	(485,000)
The note is a single payment note deferred for sixteen years including interest at 0% per annum. Payment is full will be due December 31, 2042.	148,800
Allowance	<u>(148,800)</u>
Total notes receivable, net of allowance	<u>\$ - - -</u>

5. NOTE RECEIVABLE - RIVER MARKET LOFTS, LLC:

During the year ended June 30, 2012, the City obtained a \$1,000,000 note receivable from River Market Lofts, LLC (River Market). This note represents grant proceeds loaned to the developer, River Market, to pay for renovation of a building located at the Farmers Market into 11 apartments. As of June 30, 2015, \$1,000,000 has been advanced to River Market. There were no unadvanced funds on this note at June 30, 2015. Due to the terms of this note, the City has recorded an allowance in the amount of \$1,000,000. During the year ended June 30, 2013, the due date of this note was extended to February 21, 2052.

A description of the note outstanding is as follows:

	<u>Amount Due</u>
River Market -	
The note is a single payment note deferred for forty years including interest at 0% per annum. Payment in full will be due February 21, 2052.	\$ 1,000,000
Allowance	<u>(1,000,000)</u>
Total notes receivable, net of allowance	<u>\$ - - -</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

6. NOTE RECEIVABLE - COTTON MILL LOFTS, LLC:

During the year ended June 30, 2012, the Hawkinsville Downtown Development Authority, a blended component unit shown as a Special Revenue Fund, obtained a \$160,000 note receivable from Cotton Mill Lofts, LLC, (Cotton Mill). This note represents monies loaned to the developer, Cotton Mill, to pay for environmental studies and testing at the Cotton Mill Lofts. As of June 30, 2015, \$160,000 has been advanced to Cotton Mill. There were no unadvanced funds on this note at June 30, 2015.

A description of the note outstanding is as follows:

Amount Due

Cotton Mill -

The note is due in 19 annual installments
of \$12,938 including interest at 5.25% per annum.

\$133,362

7. NOTE RECEIVABLE - JOINTLY OWNED NATURAL GAS:

The City has a note receivable from the Jointly Owned Natural Gas (JONG). This note is to pay the One Georgia loan that the City obtained for JONG for the expansion of the pipeline.

A description of the note outstanding is as follows:

Amount Due

JONG -

The note is due in 100 monthly installments
of \$7,125 including interest at 3% per annum.
Payments began on October 7, 2004.

\$130,604

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 715,635	\$ 110,837	\$ - - -	\$ - - -	\$ 826,472
Buildings	643,590	- - -	- - -	- - -	643,590
Construction in progress	- - -	38,750	- - -	- - -	38,750
Total capital assets, not being depreciated	<u>1,359,225</u>	<u>149,587</u>	<u>- - -</u>	<u>- - -</u>	<u>1,508,812</u>
Capital assets, being depreciated:					
Buildings	3,867,851	12,675	- - -	- - -	3,880,526
Improvements other than buildings	1,064,353	- - -	- - -	- - -	1,064,353
Infrastructure	2,166,205	- - -	- - -	- - -	2,166,205
Machinery and equipment	<u>465,308</u>	<u>107,938</u>	<u>52,513</u>	<u>(77,659)</u>	<u>443,074</u>
Total capital assets, being depreciated	<u>7,563,717</u>	<u>120,613</u>	<u>52,513</u>	<u>(77,659)</u>	<u>7,554,158</u>
Less accumulated depreciation for:					
Buildings	1,104,135	88,624	- - -	- - -	1,192,759
Improvements other than buildings	406,225	40,099	- - -	- - -	446,324
Infrastructure	522,529	101,151	- - -	- - -	623,680
Machinery and equipment	<u>338,045</u>	<u>27,590</u>	<u>52,513</u>	<u>- - -</u>	<u>313,122</u>
Total accumulated depreciation	<u>2,370,934</u>	<u>257,464</u>	<u>52,513</u>	<u>- - -</u>	<u>2,575,885</u>
Total capital assets, being depreciated, net	<u>5,192,783</u>	<u>(136,851)</u>	<u>- - -</u>	<u>(77,659)</u>	<u>4,978,273</u>
Governmental activities capital assets, net	<u>\$6,552,008</u>	<u>\$ 12,736</u>	<u>\$ - - -</u>	<u>\$ (77,659)</u>	<u>\$6,487,085</u>

Also, the nondepreciable buildings and land consists of the Spec Building which was built by the City for development. The total original investment in the Spec Building was \$1,656,622. During the year ended June 30, 2010, because the City had entered into an agreement to sell the Spec Building, the City recorded an impairment loss in the amount of \$726,476 in the government-wide Statement of Activities to record the building at net realizable value of \$930,146. As of June 30, 2015, there was no change in the net realizable value of the Spec Building.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

8. CAPITAL ASSETS: (continued)

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 382,677	\$ - - -	\$ - - -	\$ - - -	\$ 382,677
Construction in progress	<u>5,000</u>	<u>- - -</u>	<u>5,000</u>	<u>- - -</u>	<u>- - -</u>
Total capital assets, not being depreciated	<u>387,677</u>	<u>- - -</u>	<u>5,000</u>	<u>- - -</u>	<u>382,677</u>
Capital assets, being depreciated:					
Buildings	4,469,213	- - -	- - -	- - -	4,469,213
Improvements other than buildings	922,178	30,069	- - -	- - -	952,247
Machinery and equipment	<u>23,102,057</u>	<u>537,515</u>	<u>30,655</u>	<u>77,659</u>	<u>23,686,576</u>
Total capital assets, being depreciated	<u>28,493,448</u>	<u>567,584</u>	<u>30,655</u>	<u>77,659</u>	<u>29,108,036</u>
Less accumulated depreciation for:					
Buildings	2,515,151	51,100	- - -	- - -	2,566,251
Improvements other than buildings	327,289	20,285	- - -	- - -	347,574
Machinery and equipment	<u>19,453,634</u>	<u>227,366</u>	<u>14,515</u>	<u>- - -</u>	<u>19,666,485</u>
Total accumulated depreciation	<u>22,296,074</u>	<u>298,751</u>	<u>14,515</u>	<u>- - -</u>	<u>22,580,310</u>
Total capital assets, being depreciated, net	<u>6,197,374</u>	<u>268,833</u>	<u>16,140</u>	<u>77,659</u>	<u>6,527,726</u>
Business-type activities capital assets, net	<u>\$ 6,585,051</u>	<u>\$268,833</u>	<u>\$21,140</u>	<u>\$77,659</u>	<u>\$ 6,910,403</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$210,680
Public safety -	
Animal control	613
Public works	<u>46,171</u>
Total depreciation expense - governmental activities	<u>\$257,464</u>
Business-type activities:	
Water and Sewerage	\$203,842
Gas	22,938
Training Facility	53,949
Sanitation	<u>18,022</u>
Total depreciation expense - business-type activities	<u>\$298,751</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

9. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The following table provides detail regarding the deferred outflows and inflows of resources on the government-wide Statement of Net Position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, and the Sanitation Fund:

	<u>Government-Wide</u>		<u>Proprietary Funds</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water and Sewerage Fund</u>	<u>Gas Fund</u>	<u>Sanitation Fund</u>
<u>Deferred Outflows</u>					
Pensions -					
City contributions subsequent to measurement date	\$45,129	\$33,547	\$20,762	\$1,093	\$11,692
Total deferred outflows	<u>\$45,129</u>	<u>\$33,547</u>	<u>\$20,762</u>	<u>\$1,093</u>	<u>\$11,692</u>
<u>Deferred Inflows</u>					
Pensions:					
Differences between expected and actual experience	\$15,995	\$11,889	\$ 7,358	\$ 387	\$ 4,144
Changes of assumptions	7,470	5,552	3,436	181	1,935
Net differences between projected and actual earnings on pension plan investments	<u>45,792</u>	<u>34,040</u>	<u>21,067</u>	<u>1,109</u>	<u>11,864</u>
Total deferred inflows	<u>\$69,257</u>	<u>\$51,481</u>	<u>\$31,861</u>	<u>\$1,677</u>	<u>\$17,943</u>

10. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 50,206	\$ - - -	\$ 12,147	\$ 38,059	\$ 38,059
Notes payable - Hawkinsville Development Authority	267,090	- - -	101,060	166,030	104,118
Notes payable - Workforce Development Center	183,549	- - -	19,194	164,355	20,033
Pensions	<u>297,119</u>	<u>277,384</u>	<u>382,492</u>	<u>192,011</u>	<u>- - -</u>
Total governmental activities	<u>\$ 797,964</u>	<u>\$277,384</u>	<u>\$514,893</u>	<u>\$ 560,455</u>	<u>\$162,210</u>
Business-type activities:					
Compensated absences	\$ 38,356	\$ 11,411	\$ - - -	\$ 49,767	\$ 49,767
Notes payable	779,894	- - -	71,577	708,317	69,817
Capital lease payable	37,725	- - -	18,558	19,167	19,167
Post-closure care costs	98,718	- - -	5,721	92,997	5,239
Pensions	<u>220,860</u>	<u>206,188</u>	<u>284,318</u>	<u>142,730</u>	<u>- - -</u>
Total business-type activities	<u>\$1,175,553</u>	<u>\$217,599</u>	<u>\$380,174</u>	<u>\$1,012,978</u>	<u>\$143,990</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. LONG-TERM OBLIGATIONS: (continued)

A. LONG-TERM OBLIGATIONS FOR GOVERNMENTAL ACTIVITIES:

Compensated Absences - Compensated absences for governmental activities are generally paid by the General Fund.

Notes payable - Hawkinsville Development Authority - The Hawkinsville Development Authority, a blended component unit shown as a Special Revenue Fund, entered into a loan agreement with SunMark Community Bank to finance a speculative building on January 1, 2002. The note payable at June 30, 2015, consisted of the following:

SunMark Community Bank - \$1,205,110 note due in 180 monthly installments of \$8,963 including interest at 2.9%. This interest rate is variable and resets January 1 to the Wall Street Journal AAA quality tax free bonds rate plus 0.75%.	\$166,030
Less current portion	<u>104,118</u>
Total long-term portion	<u>\$ 61,912</u>

The annual debt service requirements to maturity, including principal and interest, for the Hawkinsville Development Authority note payable as of June 30, 2015, are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$104,118	\$ 3,439	\$107,557
2017	<u>61,912</u>	<u>578</u>	<u>62,490</u>
Total	<u>\$166,030</u>	<u>\$ 4,017</u>	<u>\$170,047</u>

The Development Authority entered into a capital lease with the City of Hawkinsville, the terms of which mirror the terms of the above note. Under GASB rules for blending component units, the capital lease is eliminated and the debt service is shown as an expenditure of the City and is included in the Special Revenue Fund - UDAG Grant.

Notes payable - Workforce Development Center - The City of Hawkinsville entered into a loan agreement with the United States Department of Agriculture (USDA) to finance the construction of the Workforce Development Center on December 29, 2006. The note requires the City to accumulate a reserve of one year's note payment of \$27,224. As of June 30, 2015, the City has fully funded the reserve which is maintained in a separate bank account in the amount of \$31,540. The note payable at June 30, 2015, consisted of the following:

USDA - \$510,000 note due in forty annual installments of \$27,224 including interest at 4.375%.	\$164,355
Less current portion	<u>20,033</u>
Total long-term portion	<u>\$144,322</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2015, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,033	\$ 7,191	\$ 27,224
2017	20,910	6,314	27,224
2018	21,825	5,399	27,224
2019	22,780	4,444	27,224
2020	23,776	3,448	27,224
2021-2023	<u>55,031</u>	<u>3,918</u>	<u>58,949</u>
Total	<u>\$164,355</u>	<u>\$30,714</u>	<u>\$195,069</u>

B. LONG-TERM OBLIGATIONS FOR BUSINESS-TYPE ACTIVITIES:

Compensated Absences - Compensated absences for business-type activities are generally liquidated by the applicable Enterprise Fund.

Notes and leases payable - Enterprise fund notes and leases payable at June 30, 2015, consisted of the following notes for water and wastewater system improvements and expansion:

Georgia Environmental Facilities Authority (GEFA) - \$95,104 note due in 120 monthly installments of \$967, including interest at 4.10%.	\$ 13,202
Georgia Environmental Facilities Authority (GEFA) - \$735,697 note due in 240 monthly installments of approximately \$3,722, including interest at 2%.	<u>564,511</u>
Total	577,713
Less current portion	<u>44,957</u>
Total long-term portion	<u>\$532,756</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Enterprise Fund notes and leases payable as of June 30, 2015 are as follows:

Year ending June 30,	GEFA			GEFA		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$11,278	\$ 331	\$11,609	\$ 33,679	\$10,982	\$ 44,661
2017	1,924	9	1,933	34,358	10,303	44,661
2018	- - -	- - -	- - -	35,052	9,609	44,661
2019	- - -	- - -	- - -	35,759	8,902	44,661
2020	- - -	- - -	- - -	36,481	8,180	44,661
2021-2025	- - -	- - -	- - -	193,753	29,552	223,305
2026-2030	- - -	- - -	- - -	195,429	9,256	204,685
Total	<u>\$13,202</u>	<u>\$ 340</u>	<u>\$13,542</u>	<u>\$564,511</u>	<u>\$86,784</u>	<u>\$651,295</u>

Year ending June 30,	TOTALS		
	Principal	Interest	Total
2016	\$ 44,957	\$11,313	\$ 56,270
2017	36,282	10,312	46,594
2018	35,052	9,609	44,661
2019	35,759	8,902	44,661
2020	36,481	8,180	44,661
2021-2025	193,753	29,552	223,305
2026-2030	195,429	9,256	204,685
Total	<u>\$577,713</u>	<u>\$87,124</u>	<u>\$664,837</u>

Note payable - One Georgia - On July 7, 2003, the City received approval for a loan from the One Georgia Authority in the amount of \$500,000 to be used for Gas line improvements for the Jointly Owned Natural Gas (JONG). The City disbursed these funds to JONG. The note payable to One Georgia at June 30, 2015, consisted of the following:

One Georgia Authority -	
\$500,000 note due in one hundred quarterly installments of \$7,125 including interest at 3%.	\$130,604
Less current portion	<u>24,860</u>
Total long-term portion	<u>\$105,744</u>

The annual debt service requirements to maturity, including principal and interest, for the One Georgia Authority note payable as of June 30, 2015, are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 24,860	\$ 3,640	\$ 28,500
2017	25,614	2,886	28,500
2018	26,391	2,109	28,500
2019	27,192	1,308	28,500
2020	<u>26,547</u>	<u>440</u>	<u>26,987</u>
Total	<u>\$130,604</u>	<u>\$10,383</u>	<u>\$140,987</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. LONG-TERM OBLIGATIONS: (continued)

Capital lease payable - During the year ended June 30, 2011, the City entered into a capital lease through the Georgia Municipal Association with BB&T Governmental Finance for the purchase of a 2010 Loadmaster garbage truck. This asset is recorded as machinery and equipment and totaled \$154,380 at June 30, 2014. Depreciation expense for the year ended June 30, 2015 is \$10,292. Total accumulated depreciation for the year ended June 30, 2015 is \$42,026. This asset under a capital lease is depreciated under the City's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense. Capital lease payable consisted of the following at June 30, 2015:

BB&T Governmental Finance - Collateralized by a 2010 Loadmaster garbage truck for \$91,380, due in five annual installments of \$19,795, including interest at 3.28%.	\$19,167
Less current portion	<u>19,167</u>
Total long-term portion	<u>\$ - - -</u>

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 2015:

Year ending
June 30,

2016	<u>\$19,795</u>
Total minimum lease payments	19,795
Less amount representing interest	<u>628</u>
Present value of minimum lease payments	<u>\$19,167</u>

Post-closure care costs - The City was under contract with Pulaski County to share in the cost of operating the local landfill. Therefore, the City is responsible to share in the cost of closure and post closure of the local landfill.

State and federal laws and regulations require that a final cover be placed on the landfill when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The local landfill was closed on April 8, 1994. All requirements for closure have been met, and the Certificate of Closure (Certificate) was received as of April 19, 2002. Conditions of the Certificate include monitoring and maintenance for a period of thirty years from the Certificate date.

The City has provided one-half of the cost to place a final cover on the landfill and monitoring costs to date. The remaining cost to monitor the landfill is estimated to be \$92,997 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2015, these expenses were estimated by the City's outside engineering firm and do not specifically include any estimates due to the effect of inflation or deflation, technology, or changes in applicable laws or regulations. During the current year, actual postclosure expenses of \$5,721 were paid.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

10. LONG-TERM OBLIGATIONS: (continued)

The post-closure care costs requirements as of June 30, 2015 are as follows:

<u>Year ending</u> <u>June 30,</u>	
2016	\$ 5,239
2017	5,239
2018	5,239
2019	5,239
2020	5,239
2021-2025	26,195
2026-2030	26,195
2031-2032	<u>14,412</u>
Total	<u>\$92,997</u>

11. DEFICIT FUND EQUITY:

There were no deficit net position items in any individual fund for the fiscal year ended June 30, 2015.

The 2014 CDBG Capital Projects Fund ended the year with a deficit fund balance of \$3,750 due to the recording of administrative fees payable as of June 30, 2015. Management expects to eliminate this deficit by drawing down CDBG funds as construction is completed.

12. VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS - There were no expenditures in excess of appropriations for the year ended June 30, 2015.

13. RESTRICTED NET POSITION:

The following table provides detail regarding the restricted net position reported for the primary government on the government-wide Statement of Net Position:

	<u>Restricted by Enabling Legislation</u>	<u>External or Constitutional Restrictions</u>	<u>Total</u>
Governmental Activities:			
Restricted for:			
Debt Service	\$ 27,915	\$ - - -	\$ 27,915
Capital projects	473,294	- - -	473,294
Community and economic development	- - -	153,622	153,622
Training facility improvements	- - -	248	248
Cemetery:			
Expendable	- - -	55	55
Nonexpendable	<u>- - -</u>	<u>5,000</u>	<u>5,000</u>
Total restricted net position - Governmental Activities	<u>\$501,209</u>	<u>\$158,925</u>	<u>\$660,134</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

14. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

The City's Water and Sewerage Fund, Gas Fund, and Sanitation Fund provide utility and garbage service to the community. The City's receivable from three commercial customers amounted to \$172,705. Also, these three commercial customers accounted for approximately 38.65% of the total charges for services in these funds.

15. 2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

The residents of the City approved a One Percent Special Purpose Local Option Sales Tax (SPLOST) on September 21, 2004, for funds to construct the Workforce Development Center, fire department facilities and equipment, recreation department facilities and equipment, and for various other purposes. Collections on the SPLOST began October 1, 2004, and will continue for six years or until \$1.3 million is collected as the City's portion, whichever comes first. The City created a Debt Service Fund - Workforce Development Center to account for funds for the construction of the Workforce Development Center and a Capital Projects Fund - SPLOST Fire to account for funds for fire department facilities and equipment. Pulaski County, Georgia will administer all funds collected for the jointly owned recreation department per an intergovernmental agreement.

16. 2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

The residents of the City approved a One Percent Special Purpose Local Option Sales Tax (SPLOST) on July 20, 2010, for funds to construct a new city hall, renovate the Opera House, construct a recreation department multi-purpose facility, purchase police and fire department equipment, and for various other purposes. Collections on the SPLOST began October 1, 2010, and will continue for six years or until \$3.6 million is collected as the City's portion, whichever comes first. Pulaski County, Georgia administers all funds collected for the jointly owned recreation department per an intergovernmental agreement.

17. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Pursuant to changes in Internal Revenue Code Section 457, the plan has been amended to convert the deferred compensation plan to a trust. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the trust, established for the exclusive benefit of the participants and their beneficiaries. The City has no liability for these assets and they are not subject to the claims of the City's general creditors.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. PENSION PLAN:

Plan Description - Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The City's defined benefit plan, City of Hawkinsville Retirement Plan (Plan), is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System Retirement Fund (GMEBS) an agent multi-employer pension fund. The GMEBS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained at City Hall in Hawkinsville, Georgia, or by contacting the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Benefits - The Plan provides benefits upon retirement, death, disablement, and termination of employment to Plan participants and beneficiaries, if certain eligibility conditions are met. All employees who work at least thirty (30) hours per week and have been employed after September 1, 1970, and City officials elected since October 1, 1973, are eligible to participate. Employees were eligible to participate after completion of one year of service. Elected officials are immediately eligible to participate. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. Employees are considered vested after 10 years and City officials are vested immediately. The Plan was established by a City ordinance under authority of Georgia law. The authority to establish and amend the benefit provisions of the Plan rests with the City.

Employees who retire at or after age 65 with a minimum of 5 years of service are entitled to an annual retirement benefit, payable monthly for life. Fire fighters and police officers have a normal retirement age of 62. An employee may elect early retirement at age 55 (age 52 for police and fire) with a minimum of 10 years of service to receive full benefits. Elected officials are entitled to \$39 for each year of service after reaching normal retirement age. If hired prior to September 1, 1984, an employee is entitled to an amount equal to 1.0% of their final average earnings up to Covered Compensation break point plus 1.75% of their final average earnings in excess of the Covered Compensation break point multiplied by years and months of service to a maximum of 35 years. If hired on or after September 1, 1984, an employee is entitled to an amount equal to 1.25% of their final average earnings up to Covered Compensation break point plus 2.0% of their final average earnings in excess of the Dynamic break point multiplied by years and months of service to a maximum of 35 years. Final average earnings is the highest average of the participant's earnings over 5 consecutive Plan years in which the participant's earnings are the highest. The Covered Compensation break point is based on the year of the participant's birth per a table in the Plan's documents. The Dynamic break point is determined by the year of termination of employment by taking an average of the maximum amount of earnings for which Social Security taxes are payable over a period of approximately 35 years.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. PENSION PLAN: (continued)

Plan Membership - As of January 1, 2015, the most recent actuarial valuation date, the Plan membership consisted of the following categories of participants:

<u>Group</u>	<u>Number of Employees</u>	
Retirees and beneficiaries currently receiving benefits		38
Vested terminated employees not yet receiving benefits		14
Active employees:		
Vested	19	
Nonvested	<u>15</u>	<u>34</u>
Total membership in the plan		<u>86</u>

Contributions - The plan is noncontributory for plan members; however, the City's funding policy for the Plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method. The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year. The contribution requirement for the year ended June 30, 2015, was \$76,808 which was 8.85% of the covered payroll. The amount of the current year covered payroll is \$867,622.

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$76,808. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net pension liability

Actuarial assumptions - The total pension liability was determined as part of an actuarial valuation at January 1, 2015. Significant actuarial assumptions used include (a) an investment rate of return of 7.75% per year net of investment expenses, including inflation and (b) projected salary increases of 3.25% per year plus service merit increases. Mortality rates were based on the RP-2000, Combined Healthy Life Mortality Table for healthy participants and the RP-2000 Disabled Retiree Mortality Table for disabled participants. The mortality and economic actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. PENSION PLAN: (continued)

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

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

Discount rate - The discount rate used to measure the total pension liability was 7.75%.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Net pension liability	\$646,503	\$334,741	\$66,408

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. PENSION PLAN: (continued)

Changes in the Net Pension Liability - The measurement date of the net pension liability was September 30, 2014. The date of the actuarial valuation on which the total pension liability is based was January 1, 2015.

	<u>Total Pension Liability (TPL)</u>	<u>Fiduciary Net Position (FNP)</u>	<u>Net Pension Liability (NPL)</u>
Balances at September 30, 2013	\$3,198,741	\$2,680,762	\$ 517,979
Changes for the year:			
Service cost	51,430	- - -	51,430
Interest	240,806	- - -	240,806
Differences between expected and actual experience	(41,825)	- - -	(41,825)
Contributions - employer	- - -	117,623	(117,623)
Net investment income	- - -	304,694	(304,694)
Benefit payments, including refunds of employee contributions	(183,134)	(183,134)	- - -
Administrative expense	- - -	(8,202)	8,202
Other	<u>(19,534)</u>	<u>- - -</u>	<u>(19,534)</u>
Net changes	<u>47,743</u>	<u>230,981</u>	<u>(183,238)</u>
Balances at September 30, 2014	<u>\$3,246,484</u>	<u>\$2,911,743</u>	<u>\$ 334,741</u>

Changes of assumptions:

The eligibility assumption has been changed from one year to immediate participation. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

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 assumption was 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 ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

18. PENSION PLAN: (continued)

Benefit changes - Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Pension expense -

Service cost	\$ 51,430
Interest on TPL	240,806
Administrative expenses	8,202
Expected return on assets	(204,903)
Expensed portion of current year period differences between expected and actual experience in TPL	(13,941)
Expensed portion of current year period assumption changes	(6,512)
Expensed portion of current year period differences between projected and actual investment earnings	(19,959)
Total pension expense	<u>\$ 55,123</u>

Deferred outflows/inflows of resources related to pensions:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ - - -	\$ (27,884)
Changes of assumptions	- - -	(13,022)
Net difference between projected and actual earnings on pension plan investments	- - -	(79,832)
City contributions subsequent to the measurement date	<u>78,676</u>	<u>- - -</u>
Total deferred outflows/inflows of resources related to pensions	<u>\$78,676</u>	<u>\$ (120,738)</u>

The \$78,676 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/inflows:

<u>Year</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$- - -	\$ (40,411)
2017	- - -	(40,411)
2018	- - -	(19,958)
2019	<u>- - -</u>	<u>(19,958)</u>
Total projected recognition of deferred outflows/inflows	<u>\$- - -</u>	<u>\$ (120,738)</u>

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

19. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (Fund) and Georgia Interlocal Risk Management Agency (GIRMA), public entity risk pools currently operating as common risk management and insurance programs for member local governments. This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the City within the scope of loss protections furnished by the funds.

The liability of the Fund to the employees of the City is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. GIRMA members shall be jointly and severally liable for all legal obligations of the pools. Based upon the financial performance of the risk pools, the City may be liable for additional premium assessments to meet any financial deficiencies or be entitled to receive a dividend. The City's risk is constituted by a \$1,000 deductible for each automobile occurrence and a \$2,500 deductible each for all other occurrences.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the realm of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is 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.

Management believes such coverage is sufficient to preclude any significant uninsured loss to the City. Settled claims have not exceeded the coverage provided in any of the past three years.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

20. OPERATING LEASES:

A. CITY AS LESSOR:

The City leases the "Spec" building to Sider-Oxydro, Inc. The monthly lease payment on this lease is \$3,000 per month. Total amount of lease income for fiscal year 2015 totaled \$36,000.

B. CITY AS LESSEE:

During November 2013, the City entered into a lease for a copier from Xerox requiring 60 monthly payments in the amount of \$140 for 60 months. For the year ended June 30, 2015, rent expenditures for the City totaled \$1,680. The following is a schedule of annual lease requirements as of June 30, 2015:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$1,680
2017	1,680
2018	1,680
2019	<u>700</u>
	<u>\$5,740</u>

21. HOTEL/MOTEL TAX:

The City of Hawkinsville levies an 8% lodging tax in accordance with O.C.G.A. 48-13-51. A summary of the transactions for the year ended June 30, 2015 is as follows:

	<u>Amount</u>	<u>Percentage of Tax Receipts</u>
Receipts:		
Lodging tax receipts	<u>\$38,469</u>	
Expenditures:		
Hawkinsville Pulaski Chamber of Commerce, Inc.	\$24,043	62.50%
General Fund	<u>14,426</u>	37.50%
Total expenditures	<u>\$38,469</u>	

The City of Hawkinsville received audit verification that the expenditures by the Hawkinsville Pulaski Chamber of Commerce, Inc. were for promotion of tourism as required by O.C.G.A. 48-13-51.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

22. COMMITMENTS AND CONTINGENCIES:

The City has received federal and state grant or loan monies for specific purposes that are subject to review and audit by grantor agencies to ensure compliance with the specific conditions of the grant or loan. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant or loan. Any liability for reimbursement that may arise as a result of these reviews or audits cannot be reasonably determined at this time. Management believes that the amount, if any, would be immaterial.

The City was a defendant in lawsuits at June 30, 2015. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

The City has received communication from the Environmental Protection Agency regarding a violation of the 2008 Water Shed Protection Plan. The City is currently responding to the communication in an effort to remedy the violations. The likelihood of an unfavorable outcome relative to these violations and an estimate of the amount or range of any fine or assessment, if any, cannot be determined at this time.

During 2004, an agreement was made between the City and the Georgia Department of Community Affairs (DCA) for an EIP grant for the construction of a workforce development facility (Facility) in the City for the benefit of the citizens, businesses, and industries of the City and surrounding counties. The City agrees that, should the Facility cease to be owned by the City or to be utilized by an educational provider or other authorized user under EIP grant regulations and conditions, within twenty years from the awarding of said grant, the City, pursuant to the conditions of the grant, would repay a portion of the grant funds to DCA using the repayment formula specified in the grant.

The City and its component unit, the Hawkinsville Downtown Development Authority (HDDA) committed \$808,800 of finance assistance to the Redevelopment/Adaptive reuse of the former Pillowtex plant for quality affordable housing known as the Cotton Mill Lofts. The commitment was fulfilled by the City issuing a zero rate loan of \$648,800 for 30 years. The loan was funded by the City from a \$500,000 Redevelopment Fund Grant, \$135,300 of in-kind services for the demolition and up-fit, and \$13,500 of fees paid for appraisal and low income housing tax credit application. The remainder of the commitment was funded by the HDDA issuing a loan of \$160,000 with a term of 20 years and an interest rate of 5.50%.

The City received notification that the Redevelopment Fund Grant had been approved. The grant proceeds were used as a loan to the developer to pay for environmental studies and testing and or environmental clean-up costs of \$485,000 and \$15,000 for grant administration. During fiscal year ended June 30, 2013, the City advanced funds for environmental clean-up costs of \$485,000 and recorded a note receivable from Cotton Mill Lofts, LLC as discussed in Note 4. Also during fiscal year ended June 30, 2013, the City advanced funds for \$135,300 of in-kind services for the demolition and up-fit, and \$13,500 of fees paid for appraisal and low income housing tax credit application and recorded a note receivable from Cotton Mill Lofts, LLC, as discussed in Note 4.

The HDDA obtained local financing to fund its commitment of \$160,000. The financing was used during 2010 to pay \$146,319 of environmental studies and testing. These funds were loaned to the project under the terms of the commitment. The HDDA recorded a note receivable from the Cotton Mill Lofts, LLC, as discussed in Note 6. The City has budgeted \$85,000 for the 2015-2016 fiscal year to fund the HDDA.

The Middle Georgia Regional Development Authority along with the City was approved to receive a \$500,000 grant from the One Georgia Authority for the acquisition, selective demo/stabilization and up-fit of the 11,200 square feet Building 7 at the former Pillowtex site in Hawkinsville, converting it into the Ocmulgee River Community Market with spaces for 37 selling stalls, a restaurant and retail shops, and 44 parking spaces below. This is part of the Redevelopment/Adaptive reuse of the former Pillowtex plant for quality affordable housing known as the Cotton Mill Lofts plus the City River Walk Project.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

22. COMMITMENTS AND CONTINGENCIES: (continued)

During the year ended June 30, 2010, the City entered into an agreement with Pulaski County, Georgia (County) to provide police protection within the City limits of Hawkinsville, Georgia beginning July 1, 2009. The City agreed to pay the County \$47,858 per month which may be adjusted annually.

During the year ended June 30, 2010, the City received notification of approval of a HOPE VI Main Street grant from the U.S. Department of Housing and Urban Development in the amount of \$1,000,000. This grant was used to construct 11 housing units in the non-historic building adjacent to the proposed community market. This is a component of the Pillowtex Redevelopment. As of June 30, 2013, the City had advanced funds for construction of \$1,000,000 and recorded a note receivable from the developer, River Market Lofts, LLC, as discussed in Note 5.

During the year ended June 30, 2011, the City entered into an agreement with Pulaski County, Georgia (County) to provide fire protection and emergency management services within the City limits of Hawkinsville, Georgia beginning July 1, 2011. The City agreed to pay the County \$15,158 per month which may be adjusted annually.

During 2013, the City entered into a Management Agreement with Jointly Owned Natural Gas to manage and operate the City's natural gas system while the City retained ownership of the gas system. The City agreed to pay Jointly Owned Natural Gas \$11,108 per month.

During May 2014, the City entered into an agreement with Pulaski County, Georgia (County) for the provision of the services of the Hawkinsville Planning and Zoning Commission to review planning and zoning issues arising outside of the City of Hawkinsville, but within Pulaski County. The agreement will commence May 5, 2014 and shall terminate on May 5, 2015. This agreement shall continue after termination under the same terms unless terminated by either party upon ninety days' written notice. The County will pay the City at the same rate and in the same amounts as paid by the City to its own Planning and Zoning Board Commission members.

During the year ended June 30, 2015, the City amended its Municipal Charter by deleting Article IV entitled "Judicial Branch" in its entirety. The City entered into an agreement with Pulaski County, Georgia (County) to handle adjudication of traffic offenses and other violations of the State and Municipal Code through its Probate Court and the Superior Court of Pulaski County. The City agreed to pay the County \$1,667 per month. All fines and revenues received as a result of citations issued by the Sheriff's Department of Pulaski County in the City as determined by the Probate Court and the Superior Court shall be the sole property of the County.

23. SUBSEQUENT EVENTS:

Subsequent to year end, the City has purchased land in the amount of \$14,127 related to the 2014 CDBG water system and sanitary sewer infrastructure improvements.

Subsequent to year end, the City agreed to enter into an agreement to accept financing along with the four other cities which own beneficial interests in the Jointly Owned Natural Gas (JONG) to facilitate the construction of a pipeline to Sofkee Industrial Park to meet the natural gas requirements of Kumho Tire Georgia, Inc. (KTG, Inc.) which is constructing a large industrial manufacturing facility in the Park. The JONG has secured a line of credit from CB&T Bank not to exceed \$1.1 million dollars. It is expected that the natural gas requirement of KTG, Inc. should create revenue to satisfy the debt service requirement without capital from the JONG partnering cities. However, the loan recipients will be the five JONG cities and each city will be responsible for its proportionate share of the debt incurred. The City's ownership in JONG is 19.05% at June 30, 2015.

During the year ended June 30, 2015, the City committed to provide \$75,986 for roof repairs to the Hawkinsville Community Market building. The City does not own this building; therefore, this will be considered a contribution to the Middle Georgia Regional Development Authority.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

24. PRIOR PERIOD ADJUSTMENTS:

Net position of the government-wide Governmental Activities, Business-Type Activities, Water and Sewerage Fund, Gas Fund, and Sanitation Fund was restated for the reporting of the net pension liability and deferred outflows of resources - employer contributions in accordance with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*.

	<u>Government-Wide</u>		<u>Proprietary Funds</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water and Sewerage Fund</u>	<u>Gas Fund</u>	<u>Sanitation Fund</u>
Net Position - beginning of year	\$8,271,146	\$7,610,084	\$3,016,882	\$2,200,362	\$ 89,920
Prior period adjustments:					
Deferred outflows of resources - employer contributions	47,185	35,073	21,707	1,142	12,224
Net pension liability	<u>(297,119)</u>	<u>(220,860)</u>	<u>(136,689)</u>	<u>(7,194)</u>	<u>(76,977)</u>
Total prior period adjustments	<u>(249,934)</u>	<u>(185,787)</u>	<u>(114,982)</u>	<u>(6,052)</u>	<u>(64,953)</u>
Net Position - beginning of year, restated	<u>\$8,021,212</u>	<u>\$7,424,297</u>	<u>\$2,901,900</u>	<u>\$2,194,310</u>	<u>\$ 25,167</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 51,430	\$ 46,003
Interest	240,806	233,260
Differences between expected and actual experience	(41,825)	(8,382)
Changes of assumptions	(19,534)	- - -
Benefit payments, including refunds of employee contributions	<u>(183,134)</u>	<u>(163,886)</u>
Net change in total pension liability	47,743	106,995
Total pension liability - beginning	<u>3,198,741</u>	<u>3,091,746</u>
Total pension liability - ending	<u><u>\$3,246,484</u></u>	<u><u>\$3,198,741</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 117,623	\$ 118,378
Net investment income	304,694	389,345
Benefit payments, including refunds of employee contributions	(183,134)	(163,886)
Administrative expense	<u>(8,202)</u>	<u>(15,316)</u>
Net change in fiduciary net position	230,981	328,521
Plan fiduciary net position - beginning	<u>2,680,762</u>	<u>2,352,241</u>
Plan fiduciary net position - ending	<u><u>\$2,911,743</u></u>	<u><u>\$2,680,762</u></u>
Net pension liability - ending	<u><u>\$ 334,741</u></u>	<u><u>\$ 517,979</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	89.69%	83.81%
Covered employee payroll	\$ 867,622	\$ 854,946
Net pension liability as a percentage of covered employee payroll	38.58%	60.59%

SCHEDULE OF CONTRIBUTIONS -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 104,901	\$ 109,677
Contributions in relation to the actuarially determined contribution	<u>104,901</u>	<u>109,677</u>
Contribution deficiency (excess)	<u><u>\$ - - -</u></u>	<u><u>\$ - - -</u></u>
Covered employee payroll	\$ 867,622	\$ 854,946
Contributions as a percentage of covered employee payroll	12.09%	12.82%

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
JUNE 30, 2015

Valuation Date: Actuarially determined contribution rate was determined as of January 1, 2015, 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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
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 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment
Net investment rate of return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Retirement age	Class 0 - age 65 with 5 years of service; Class 1 - age 62 plus 5 years of service; Elected officials - age 65
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex distinct rates

See Note 18 for changes in assumptions and benefit changes.

NOTE: The above information should include 10 years, if available, per GASB Statement No. 68; however, during the transition period, information should be presented for as many years as are available. The year ended June 30, 2014 is the first year that data has been measured in accordance with GASB Statement No. 68.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$1,581,520	\$1,667,250	\$1,665,324	\$ (1,926)
Licenses and permits	92,510	85,435	93,076	7,641
Intergovernmental	71,285	107,900	49,453	(58,447)
Fines and forfeitures	55,000	58,500	69,978	11,478
Interest	3,525	3,125	3,062	(63)
Miscellaneous	<u>65,200</u>	<u>38,315</u>	<u>23,647</u>	<u>(14,668)</u>
Total revenues	<u>1,869,040</u>	<u>1,960,525</u>	<u>1,904,540</u>	<u>(55,985)</u>
EXPENDITURES:				
General government:				
Administration	983,375	979,310	964,491	14,819
Emergency Management Agency	22,860	22,860	22,860	- - -
Public safety:				
Fire protection	159,390	159,390	159,340	50
Law enforcement	626,220	630,910	618,216	12,694
Animal control	60,210	61,760	57,013	4,747
Public works	472,445	464,350	367,156	97,194
Culture and recreation:				
Recreation board	75,000	75,000	75,000	- - -
Library Board	19,500	19,500	19,500	- - -
Community and economic development	<u>62,085</u>	<u>47,645</u>	<u>41,449</u>	<u>6,196</u>
Total expenditures	<u>2,481,085</u>	<u>2,460,725</u>	<u>2,325,025</u>	<u>135,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(612,045)</u>	<u>(500,200)</u>	<u>(420,485)</u>	<u>79,715</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	612,045	700,000	622,435	(77,565)
Transfers out	<u>- - -</u>	<u>(199,800)</u>	<u>(159,183)</u>	<u>40,617</u>
Total other financing sources (uses)	<u>612,045</u>	<u>500,200</u>	<u>463,252</u>	<u>(36,948)</u>
NET CHANGE IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>42,767</u>	<u>42,767</u>
FUND BALANCE - BEGINNING	<u>60,108</u>	<u>60,108</u>	<u>60,108</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ 60,108</u>	<u>\$ 60,108</u>	<u>\$ 102,875</u>	<u>\$ 42,767</u>

See notes to required supplementary information.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - UDAG GRANT
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest	\$ 100	\$ 100	\$ 79	\$ (21)
Miscellaneous	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>- - -</u>
Total revenues	<u>36,100</u>	<u>36,100</u>	<u>36,079</u>	<u>(21)</u>
EXPENDITURES -				
Community and economic development	<u>145,880</u>	<u>155,850</u>	<u>147,696</u>	<u>8,154</u>
Total expenditures	<u>145,880</u>	<u>155,850</u>	<u>147,696</u>	<u>8,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(109,780)</u>	<u>(119,750)</u>	<u>(111,617)</u>	<u>8,133</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	128,355	160,000	132,226	(27,774)
Transfers out	<u>(18,575)</u>	<u>(40,250)</u>	<u>(17,107)</u>	<u>23,143</u>
Total other financing sources (uses)	<u>109,780</u>	<u>119,750</u>	<u>115,119</u>	<u>(4,631)</u>
NET CHANGE IN FUND BALANCES	- - -	- - -	3,502	3,502
FUND BALANCE - BEGINNING	<u>1,630,981</u>	<u>1,630,981</u>	<u>1,630,981</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$1,630,981</u>	<u>\$1,630,981</u>	<u>\$1,634,483</u>	<u>\$ 3,502</u>

See notes to required supplementary information.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

1. BUDGETARY POLICY:

The budget is prepared by City management using generally accepted accounting principles. It is presented in an advertised public hearing forum for discussion. The budget for the fiscal year ending June 30 is then adopted by ordinance by the Board of Commissioners, as required by generally accepted accounting principles.

Annual budgets are prepared and adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and the Proprietary Funds. Capital Projects Funds are prepared and adopted on a total project or project-length basis rather than on an annual basis.

The legal level of budgetary control is at the department level within individual funds. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Board of Commissioners. As stated by the adopted ordinance, the amount budgeted for specific items or purposes is not required to be utilized for such items or purposes and may be spent by the City manager for other items within the same department for which allocations are originally made.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

No individual major fund had expenditures in excess of appropriations for the year ended June 30, 2015.

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS					HAWKINSVILLE
	CEMETERY	HOTEL /	MILL	HOPE IV	2013	DEVELOPMENT
	FUND	MOTEL TAX	PROJECT	MAIN STREET	CHIP	AUTHORITY
				GRANT	GRANT	
<u>ASSETS</u>						
Cash - financial institutions	\$5,050	\$- - -	\$- - -	\$- - -	\$ 520	\$ 150
Receivables:						
Interest	5	- - -	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -
Intergovernmental	- - -	- - -	- - -	- - -	11,150	- - -
Interfund balances	- - -	4,269	- - -	- - -	- - -	- - -
Total assets	<u>\$5,055</u>	<u>\$4,269</u>	<u>\$- - -</u>	<u>\$- - -</u>	<u>\$11,670</u>	<u>\$ 150</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES -						
Accounts payable	<u>\$- - -</u>	<u>\$4,269</u>	<u>\$- - -</u>	<u>\$- - -</u>	<u>\$11,630</u>	<u>\$- - -</u>
Total liabilities	<u>- - -</u>	<u>4,269</u>	<u>- - -</u>	<u>- - -</u>	<u>11,630</u>	<u>- - -</u>
FUND BALANCE:						
Nonspendable -						
Cemetery fund principal	5,000	- - -	- - -	- - -	- - -	- - -
Restricted for:						
Community and economic						
development	- - -	- - -	- - -	- - -	40	150
Capital projects	- - -	- - -	- - -	- - -	- - -	- - -
Debt service	- - -	- - -	- - -	- - -	- - -	- - -
Cemetery improvements	55	- - -	- - -	- - -	- - -	- - -
Unassigned	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
Total fund balances	<u>5,055</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>40</u>	<u>150</u>
Total liabilities and						
fund balances	<u>\$5,055</u>	<u>\$4,269</u>	<u>\$- - -</u>	<u>\$- - -</u>	<u>\$11,670</u>	<u>\$ 150</u>

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS (CONTINUED)			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	2014 CDBG	GENERAL SPLOST	WORKFORCE DEVELOPMENT CENTER	
ASSETS						
Cash - financial institutions	\$4,465	\$ 12,065	\$ - - -	\$24,822	\$31,540	\$ 78,612
Receivables:						
Interest	- - -	- - -	- - -	- - -	- - -	5
Notes, net of allowance	- - -	133,362	- - -	- - -	- - -	133,362
Intergovernmental	- - -	- - -	- - -	- - -	- - -	11,150
Interfund balances	- - -	- - -	- - -	- - -	- - -	4,269
Total assets	<u>\$4,465</u>	<u>\$145,427</u>	<u>\$ - - -</u>	<u>\$24,822</u>	<u>\$31,540</u>	<u>\$227,398</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES -						
Accounts payable	\$- - -	\$ - - -	\$ 3,750	\$ - - -	\$ - - -	\$ 19,649
Total liabilities	- - -	- - -	3,750	- - -	- - -	19,649
FUND BALANCE:						
Nonspendable -						
Cemetery fund principal	- - -	- - -	- - -	- - -	- - -	5,000
Restricted for:						
Community and economic development	4,465	145,427	- - -	- - -	- - -	150,082
Capital projects	- - -	- - -	- - -	24,822	- - -	24,822
Debt service	- - -	- - -	- - -	- - -	31,540	31,540
Cemetery improvements	- - -	- - -	- - -	- - -	- - -	55
Unassigned	- - -	- - -	(3,750)	- - -	- - -	(3,750)
Total fund balances	<u>4,465</u>	<u>145,427</u>	<u>(3,750)</u>	<u>24,822</u>	<u>31,540</u>	<u>207,749</u>
Total liabilities and fund balances	<u>\$4,465</u>	<u>\$145,427</u>	<u>\$ - - -</u>	<u>\$24,822</u>	<u>\$31,540</u>	<u>\$227,398</u>

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUNDS BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	CEMETERY FUND	HOTEL / MOTEL TAX	MILL PROJECT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT	HAWKINSVILLE DEVELOPMENT AUTHORITY
REVENUES:						
Taxes	\$- - -	\$ 38,469	\$- - -	\$ - - -	\$ - - -	\$ - - -
Intergovernmental	- - -	- - -	- - -	- - -	235,285	- - -
Charges for services	- - -	- - -	- - -	- - -	- - -	- - -
Interest	<u>25</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
Total revenues	<u>25</u>	<u>38,469</u>	<u>- - -</u>	<u>- - -</u>	<u>235,285</u>	<u>- - -</u>
EXPENDITURES:						
Current:						
General government	- - -	24,043	- - -	- - -	- - -	- - -
Public works	- - -	- - -	- - -	- - -	- - -	- - -
Community and economic development	- - -	- - -	- - -	- - -	235,545	6,263
Debt service:						
Principal	- - -	- - -	- - -	- - -	- - -	- - -
Interest	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
Total expenditures	<u>- - -</u>	<u>24,043</u>	<u>- - -</u>	<u>- - -</u>	<u>235,545</u>	<u>6,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25</u>	<u>14,426</u>	<u>- - -</u>	<u>- - -</u>	<u>(260)</u>	<u>(6,263)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	- - -	- - -	- - -	- - -	300	6,263
Transfers out	<u>- - -</u>	<u>(14,426)</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
Total other financing sources (uses)	<u>- - -</u>	<u>(14,426)</u>	<u>- - -</u>	<u>- - -</u>	<u>300</u>	<u>6,263</u>
NET CHANGE IN FUND BALANCES	25	- - -	- - -	- - -	40	- - -
FUND BALANCE - BEGINNING	<u>5,030</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>150</u>
FUND BALANCE - ENDING	<u>\$5,055</u>	<u>\$ - - -</u>	<u>\$- - -</u>	<u>\$ - - -</u>	<u>\$ 40</u>	<u>\$ 150</u>

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUNDS BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS (CONTINUED)			CAPITAL PROJECTS	DEBT SERVICE	TOTAL
	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	2014 CDBG	FUND GENERAL SPLOST	FUND WORKFORCE DEVELOPMENT CENTER	NONMAJOR GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$- - -	\$ - - -	\$ - - -	\$- - -	\$ - - -	\$ 38,469
Intergovernmental	- - -	- - -	35,000	- - -	- - -	270,285
Charges for services	- - -	2,260	- - -	- - -	- - -	2,260
Interest	- - -	7,755	- - -	5	6	7,791
Total revenues	- - -	10,015	35,000	5	6	318,805
EXPENDITURES:						
Current:						
General government	- - -	- - -	- - -	- - -	- - -	24,043
Public works	- - -	- - -	38,750	- - -	- - -	38,750
Community and economic development	- - -	15,105	- - -	- - -	- - -	256,913
Debt service:						
Principal	- - -	- - -	- - -	- - -	19,194	19,194
Interest	- - -	- - -	- - -	- - -	8,060	8,060
Total expenditures	- - -	15,105	38,750	- - -	27,254	346,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	(5,090)	(3,750)	5	(27,248)	(28,155)
OTHER FINANCING SOURCES (USES):						
Transfers in	- - -	10,844	- - -	- - -	26,500	43,907
Transfers out	- - -	- - -	- - -	- - -	- - -	(14,426)
Total other financing sources (uses)	- - -	10,844	- - -	- - -	26,500	29,481
NET CHANGE IN FUND BALANCES	- - -	5,754	(3,750)	5	(748)	1,326
FUND BALANCE - BEGINNING	4,465	139,673	- - -	24,817	32,288	206,423
FUND BALANCE - ENDING	\$4,465	\$145,427	\$ (3,750)	\$24,822	\$ 31,540	\$207,749

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES -				
Interest	\$ 25	\$ 25	\$ 25	\$- - -
Total revenues	25	25	25	- - -
EXPENDITURES -				
Public works	25	25	- - -	25
Total expenditures	25	25	- - -	25
NET CHANGE IN FUND BALANCES	- - -	- - -	25	25
FUND BALANCE - BEGINNING	5,030	5,030	5,030	- - -
FUND BALANCE - ENDING	<u>\$5,030</u>	<u>\$5,030</u>	<u>\$5,055</u>	<u>\$ 25</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HOTEL / MOTEL TAX
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES -				
Taxes	\$26,000	\$ 41,600	\$ 38,469	\$(3,131)
Total revenues	<u>26,000</u>	<u>41,600</u>	<u>38,469</u>	<u>(3,131)</u>
EXPENDITURES -				
General government	<u>26,000</u>	<u>26,000</u>	<u>24,043</u>	<u>1,957</u>
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>24,043</u>	<u>1,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>- - -</u>	<u>15,600</u>	<u>14,426</u>	<u>(1,174)</u>
OTHER FINANCING SOURCES (USES) -				
Transfers out	<u>- - -</u>	<u>(15,600)</u>	<u>(14,426)</u>	<u>1,174</u>
Total other financing sources (uses)	<u>- - -</u>	<u>(15,600)</u>	<u>(14,426)</u>	<u>1,174</u>
NET CHANGE IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - BEGINNING	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - 2013 CHIP GRANT
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES -				
Intergovernmental	\$246,050	\$246,050	\$235,285	\$ (10,765)
Total revenues	<u>246,050</u>	<u>246,050</u>	<u>235,285</u>	<u>(10,765)</u>
EXPENDITURES -				
Community and economic development	<u>246,350</u>	<u>246,350</u>	<u>235,545</u>	<u>10,805</u>
Total expenditures	<u>246,350</u>	<u>246,350</u>	<u>235,545</u>	<u>10,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300)</u>	<u>(300)</u>	<u>(260)</u>	<u>40</u>
OTHER FINANCING SOURCES (USES) -				
Transfers in	<u>300</u>	<u>300</u>	<u>300</u>	<u>- - -</u>
Total other financing sources (uses)	<u>300</u>	<u>300</u>	<u>300</u>	<u>- - -</u>
NET CHANGE IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>40</u>	<u>40</u>
FUND BALANCE - BEGINNING	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 40</u>	<u>\$ 40</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HAWKINSVILLE DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES -				
Intergovernmental	<u>\$109,500</u>	<u>\$109,500</u>	<u>\$ - - -</u>	<u>\$ (109,500)</u>
Total revenues	<u>109,500</u>	<u>109,500</u>	<u>- - -</u>	<u>(109,500)</u>
EXPENDITURES -				
Community and economic development	<u>118,075</u>	<u>118,075</u>	<u>6,263</u>	<u>111,812</u>
Total expenditures	<u>118,075</u>	<u>118,075</u>	<u>6,263</u>	<u>111,812</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,575)</u>	<u>(8,575)</u>	<u>(6,263)</u>	<u>2,312</u>
OTHER FINANCING SOURCES -				
Transfers in	<u>8,575</u>	<u>8,575</u>	<u>6,263</u>	<u>(2,312)</u>
Total other financing sources	<u>8,575</u>	<u>8,575</u>	<u>6,263</u>	<u>(2,312)</u>
NET CHANGE IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - BEGINNING	<u>150</u>	<u>150</u>	<u>150</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ - - -</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Charges for services	\$ - - -	\$ 2,400	\$ 2,260	\$ (140)
Interest	<u>- - -</u>	<u>- - -</u>	<u>7,755</u>	<u>7,755</u>
Total revenues	<u>- - -</u>	<u>2,400</u>	<u>10,015</u>	<u>7,615</u>
EXPENDITURES -				
Community and economic development	<u>10,000</u>	<u>18,800</u>	<u>15,105</u>	<u>3,695</u>
Total expenditures	<u>10,000</u>	<u>18,800</u>	<u>15,105</u>	<u>3,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(16,400)</u>	<u>(5,090)</u>	<u>11,310</u>
OTHER FINANCING SOURCES -				
Transfers in	<u>10,000</u>	<u>16,400</u>	<u>10,844</u>	<u>(5,556)</u>
Total other financing sources	<u>10,000</u>	<u>16,400</u>	<u>10,844</u>	<u>(5,556)</u>
NET CHANGE IN FUND BALANCES	- - -	- - -	5,754	5,754
FUND BALANCE - BEGINNING	<u>139,673</u>	<u>139,673</u>	<u>139,673</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$139,673</u>	<u>\$139,673</u>	<u>\$145,427</u>	<u>\$ 5,754</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - 2014 CDBG GRANT
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES -				
Intergovernmental	\$38,750	\$38,750	\$35,000	\$ (3,750)
Total revenues	<u>38,750</u>	<u>38,750</u>	<u>35,000</u>	<u>(3,750)</u>
EXPENDITURES -				
Community and economic development	<u>38,750</u>	<u>38,750</u>	<u>38,750</u>	<u>- - -</u>
Total expenditures	<u>38,750</u>	<u>38,750</u>	<u>38,750</u>	<u>- - -</u>
NET CHANGE IN FUND BALANCES	- - -	- - -	(3,750)	(3,750)
FUND BALANCE - BEGINNING	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ (3,750)</u>	<u>\$ (3,750)</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND - 2010 SPLOST
FOR THE PERIOD ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL TO DATE</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Intergovernmental	\$3,600,000	\$3,600,000	\$1,825,904	\$ (1,774,096)
Interest	<u>12,000</u>	<u>12,000</u>	<u>3,503</u>	<u>(8,497)</u>
Total revenues	<u>3,612,000</u>	<u>3,612,000</u>	<u>1,829,407</u>	<u>(1,782,593)</u>
EXPENDITURES -				
Capital outlay:				
General government	2,662,000	1,012,000	129,047	882,953
Public safety	325,000	250,000	146,741	103,259
Public works	- - -	1,650,000	1,029,783	620,217
Culture and recreation	625,000	625,000	66,917	558,083
Community and economic development	<u>- - -</u>	<u>75,000</u>	<u>8,447</u>	<u>66,553</u>
Total expenditures	<u>3,612,000</u>	<u>3,612,000</u>	<u>1,380,935</u>	<u>2,231,065</u>
NET CHANGES IN FUND BALANCES	- - -	- - -	448,472	448,472
FUND BALANCE - BEGINNING	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 448,472</u>	<u>\$ 448,472</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND - GENERAL SPLOST
FOR THE PERIOD ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL TO DATE</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Intergovernmental	\$340,000	\$340,000	\$300,235	\$ (39,765)
Interest	<u>- - -</u>	<u>8,000</u>	<u>7,813</u>	<u>(187)</u>
Total revenues	<u>340,000</u>	<u>348,000</u>	<u>308,048</u>	<u>(39,952)</u>
EXPENDITURES -				
Capital outlay:				
General government	75,000	82,800	57,794	25,006
Public works	150,000	150,200	150,196	4
Community and economic development	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>- - -</u>
Total expenditures	<u>340,000</u>	<u>348,000</u>	<u>322,990</u>	<u>25,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>- - -</u>	<u>- - -</u>	<u>(14,942)</u>	<u>(14,942)</u>
OTHER FINANCING SOURCES -				
Transfers in	<u>- - -</u>	<u>- - -</u>	<u>39,764</u>	<u>39,764</u>
Total other financing sources	<u>- - -</u>	<u>- - -</u>	<u>39,764</u>	<u>39,764</u>
NET CHANGES IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>24,822</u>	<u>24,822</u>
FUND BALANCE - BEGINNING	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 24,822</u>	<u>\$ 24,822</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
DEBT SERVICE FUND - WORKFORCE DEVELOPMENT CENTER
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,475	\$ 745	\$ - - -	\$ (745)
Interest	<u>- - -</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
Total revenues	<u>1,475</u>	<u>755</u>	<u>6</u>	<u>(749)</u>
EXPENDITURES -				
Debt service:				
Principal	19,194	19,194	19,194	- - -
Interest	<u>8,031</u>	<u>8,061</u>	<u>8,060</u>	<u>1</u>
Total expenditures	<u>27,225</u>	<u>27,255</u>	<u>27,254</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,750)</u>	<u>(26,500)</u>	<u>(27,248)</u>	<u>(748)</u>
OTHER FINANCING SOURCES -				
Transfers in	<u>25,750</u>	<u>26,500</u>	<u>26,500</u>	<u>- - -</u>
Total other financing sources	<u>25,750</u>	<u>26,500</u>	<u>26,500</u>	<u>- - -</u>
NET CHANGES IN FUND BALANCES	<u>- - -</u>	<u>- - -</u>	<u>(748)</u>	<u>(748)</u>
FUND BALANCE - BEGINNING	<u>32,288</u>	<u>32,288</u>	<u>32,288</u>	<u>- - -</u>
FUND BALANCE - ENDING	<u>\$ 32,288</u>	<u>\$32,288</u>	<u>\$ 31,540</u>	<u>\$ (748)</u>

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2004 SPLOST
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Estimated Cost</u>	<u>Expenditures</u> <u>Prior</u> <u>Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Estimated Percentage of Completion</u>
Partial cost of Workforce Development Center	\$ 460,000	\$ 460,000	\$- - -	\$ 460,000	100.00%
Fire Department facilities and equipment	250,000	252,528	- - -	252,528	101.01%
New office computer equipment	75,000	57,794	- - -	57,794	77.06%
Street improvements and Purchase of equipment	150,000	150,196	- - -	150,196	100.13%
Economic Development improvements at Industrial Park	<u>115,000</u>	<u>115,000</u>	<u>- - -</u>	<u>115,000</u>	100.00%
Totals	<u>\$1,050,000</u>	<u>\$1,035,518</u>	<u>\$- - -</u>	<u>\$1,035,518</u>	

NOTE: Pulaski County, Georgia serves as fiscal agent for the distribution of the jointly owned Recreation Board SPLOST proceeds in accordance with an intergovernmental agreement. Accordingly, all expenditures are shown as culture and recreation expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds of Pulaski County, Georgia only.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2010 SPLOST
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>	<u>Estimated Percentage of Completion</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Fire and Police Department equipment	\$ 250,000	\$ 133,054	\$ 11,366	\$ 144,420	57.77%
New City Hall	1,000,000	- - -	101,337	101,337	10.13%
Upgrade of City property and equipment	1,500,000	907,242	102,109	1,009,351	67.29%
Opera House repairs	250,000	25,969	5,900	31,869	12.75%
Renovation of the old firehouse on Broad Street	75,000	2,900	- - -	2,900	3.87%
Capital projects matching grant funds	<u>150,000</u>	<u>91,058</u>	<u>- - -</u>	<u>91,058</u>	60.71%
Totals	<u>\$3,225,000</u>	<u>\$1,160,223</u>	<u>\$220,712</u>	<u>\$1,380,935</u>	

NOTE: Pulaski County, Georgia serves as fiscal agent for the distribution of the jointly owned Recreation Board SPLOST proceeds in accordance with an intergovernmental agreement. Accordingly, all expenditures are shown as culture and recreation expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds of Pulaski County, Georgia only.

CITY OF HAWKINSVILLE, GEORGIA
AWARD NO. 01gp-116-2-4008
ONEGEORGIA SCHEDULE OF SOURCE AND USE OF FUNDS
FOR THE PERIOD ENDED JUNE 30, 2015

Loan proceeds received	\$500,000
Loan payments made during fiscal year ended June 30, 2004	<u>10,201</u>
Balance at June 30, 2004	489,799
Loan payments made during fiscal year ended June 30, 2005	<u>10,433</u>
Balance at June 30, 2005	479,366
Loan payments made during fiscal year ended June 30, 2006	<u>17,916</u>
Balance at June 30, 2006	461,450
Loan payments made during fiscal year ended June 30, 2007	<u>14,823</u>
Balance at June 30, 2007	446,627
Loan payments made during fiscal year ended June 30, 2008	<u>29,656</u>
Balance at June 30, 2008	416,971
Loan payments made during fiscal year ended June 30, 2009	<u>27,888</u>
Balance at June 30, 2009	389,083
Loan payments made during fiscal year ended June 30, 2010	<u>22,789</u>
Balance at June 30, 2010	366,294
Loan payments made during fiscal year ended June 30, 2011	<u>62,491</u>
Balance at June 30, 2011	303,803
Loan payments made during fiscal year ended June 30, 2012	<u>64,276</u>
Balance at June 30, 2012	239,527
Loan payments made during fiscal year ended June 30, 2013	<u>51,409</u>
Balance at June 30, 2013	188,118
Loan payments made during fiscal year ended June 30, 2014	<u>29,774</u>
Balance at June 30, 2014	158,344
Loan payments made during fiscal year ended June 30, 2015	<u>27,740</u>
Balance at June 30, 2015	<u>\$130,604</u>

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC FACILITIES PROGRAM
GRANT NUMBER 14p-x-116-2-5673
FOR THE PERIOD ENDED JUNE 30, 2015

Total Fiscal Year 2014 CDBG Funds Awarded to Recipient	<u>\$500,000</u>
Total Amount Drawdown by Recipient from DCA	\$ 35,000
Less: CDBG Funds Expended by Recipient	<u>35,000</u>
Amount of Fiscal Year 2014 CDBG Funds held by Recipient	<u>\$ - - -</u>

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC FACILITIES PROGRAM
GRANT NUMBER 14p-x-116-2-5673
FOR THE PERIOD ENDED JUNE 30, 2015

<u>Program Activity</u>	<u>CDBG Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Accumulative CDBG Expenditures to Date</u>	<u>Accumulative Expenditures to Date (Other Funds)</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs (Explain in Remarks)</u>
Professional services						
Engineering	T-03J-00	\$ 39,840	\$35,000	\$- - -	\$35,000	NONE
Public Water Sewer	P-03J-01	43,300	- - -	- - -	- - -	NONE
Public Sanitary Sewer	P-03J-02	372,090	- - -	- - -	- - -	NONE
Contingencies	C-022-00	14,770	- - -	- - -	- - -	NONE
Administration	A-21A-00	<u>30,000</u>	<u>3,750</u>	<u>- - -</u>	<u>3,750</u>	NONE
		<u>\$500,000</u>	<u>\$38,750</u>	<u>\$- - -</u>	<u>\$38,750</u>	

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' 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

**GIDDENS, BENNETT & COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS
106 FIRST STREET • P.O. BOX 467
COCHRAN, GEORGIA 31014-0467

**INDEPENDENT AUDITORS' 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**

Board of Commissioners
City of Hawkinsville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Hawkinsville, Georgia as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 2015. The report on the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund was qualified because capital assets acquired prior to June 30, 1981, were capitalized at appraised values. The effects of these departures cannot be reasonably determined. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Hawkinsville, 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 Hawkinsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item number 2009-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hawkinsville, Georgia's financial statements are free of 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 and other matters that are required to be reported under *Government Auditing Standards*.

City of Hawkinsville, Georgia's Response to Findings

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

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.


GIDDENS, BENNETT & COMPANY, P. C.

Cochran, Georgia
December 28, 2015

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FINDINGS - FINANCIAL STATEMENT AUDIT

2009-1 **Segregation of Duties**

Condition: There is not appropriate segregation of duties between authorization, execution, recording, and reconciliation of transactions and the custody of related assets.

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Effect: Failure to properly segregate duties between authorization, execution, recording, and reconciliation of transactions and the custody of related assets can lead to fraud or the misappropriation of funds that is not detected during the normal course of business.

Recommendation: The duties of authorization, execution, recording, and reconciliation of transactions and the custody of related assets should be segregated between employees.

Response: The Commission concurs with the recommendation. Due to the size of the City's staff, this condition cannot be totally addressed; however, this condition is minimized due to the involvement of the City Manager and the Assistant City Manager.