TOWN OF HARRISON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Town of Harrison, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Harrison, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Harrison, Georgia, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Harrison, Georgia has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials 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 Town of Harrison, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents is the responsibility of management and was derived from and relates 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated May 5, 2016 on our consideration of the Town of Harrison, 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 Town of Harrison, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

May 5, 2016

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF HARRISON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 313,974	$ 12,970	$ 326,944
Restricted assets:			
Cash in bank	-	26,234	26,234
Accounts receivable, net	4,902	4,594	9,496
Inventory	-	900	900
Receivable from other governments	11,174	-	11,174
Internal balances	-	-	-
Total current assets	330,050	44,698	374,748
Noncurrent assets:			
Nondepreciable	15,000	9,677	24,677
Depreciable capital assets, net of accumulated depreciation	252,719	1,532,033	1,784,752
Total noncurrent assets	267,719	1,541,710	1,809,429
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	597,769	1,586,408	2,184,177
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	5,521	2,952	8,473
Liabilities payable from restricted assets:			
Accrued interest payable	-	990	990
Current portion of note payable	-	10,119	10,119
Other accrued liabilities	1,973	-	1,973
Total current liabilities	7,494	14,061	21,555
Noncurrent liabilities:			
Notes payable, less current portion	-	287,193	287,193
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	7,494	301,254	308,748
NET POSITION:			
Net investment in capital assets	267,719	1,244,398	1,512,117
Restricted for:			
Capital projects	142,644	-	142,644
Transporation improvements	62,698	-	62,698
Revenue bond retirement	-	23,400	23,400
Unrestricted	117,214	17,356	134,570
	$ 590,275	$ 1,285,154	$ 1,875,429

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 90,513	$ 2,485	$ -	$ -	$ (88,028)	$ -	$ (88,028)
Street department	82,744	21,732	23,634	34,829	(2,549)	-	(2,549)
Public safety	23,720	-	37,800	-	14,080	-	14,080
Parks and recreation	8,112	-	-	-	(8,112)	-	(8,112)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	205,089	24,217	61,434	34,829	(84,609)	-	(84,609)
Business-type activities:							
Water fees	161,771	63,194	-	-	-	(98,577)	(98,577)
Total business-type activities	161,771	63,194	-	-	-	(98,577)	(98,577)
Total primary government	$ 366,860	$ 87,411	$ 61,434	$ 34,829	(84,609)	(98,577)	(183,186)
General revenues:							
Taxes:							
Property taxes					10,866	-	10,866
General sales and use tax					46,229	-	46,229
Franchise tax					9,877	-	9,877
Beer and wine tax					6,407	-	6,407
Insurance company premium tax					28,176	-	28,176
Other taxes					6,172	-	6,172
Grants and contributions					-	-	-
Interest and dividend earnings					-	256	256
Miscellaneous					1,283	-	1,283
Transfers					(27,832)	27,832	-
Total general revenues and transfers					81,178	28,088	109,266
Change in net position					(3,431)	(70,489)	(73,920)
Net position, beginning					593,706	1,355,643	1,949,349
Net position, ending					$ 590,275	$ 1,285,154	$ 1,875,429

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Capital Projects Fund (2005)	Capital Projects Fund (2009)	Capital Projects Fund (2014)	Transportation Special Revenue Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 115,801	$ -	$ 98,441	$ 38,572	$ 61,160	$ 313,974
Accounts receivable, net	4,902	-	-	-	-	4,902
Receivables from other governments	4,005	-	-	5,631	1,538	11,174
Receivables from other funds	-	-	-	-	-	-
Total assets	$ 124,708	$ -	$ 98,441	$ 44,203	$ 62,698	$ 330,050
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Accounts payable	$ 5,521	$ -	$ -	$ -	$ -	$ 5,521
Other liabilities	1,973	-	-	-	-	1,973
Due to other funds	-	-	-	-	-	-
Total liabilties	7,494	-	-	-	-	7,494
DEFERRED INFLOWS OF RESOURCES:						
Property taxes	1,510	-	-	-	-	1,510
FUND BALANCES:						
Non-spendable fund balance	-	-	-	-	-	-
Restricted fund balance:						
Capital projects	-	-	98,441	44,203	-	142,644
Transportation improvements	-	-	-	-	62,698	62,698
Committed fund balance	-	-	-	-	-	-
Assigned fund balance	-	-	-	-	-	-
Unassigned fund balance	115,704	-	-	-	-	115,704
Total fund balances	115,704	-	98,441	44,203	62,698	321,046
Total liabilities and fund balances	$ 124,708	$ -	$ 98,441	$ 44,203	$ 62,698	

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 funds, net of accumulated depreciation of $488,894	267,719
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	1,510
Net position of governmental activities	$ 590,275

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Capital Projects Fund (2005)	Capital Projects Fund (2009)	Capital Projects Fund (2014)	Transportation Special Revenue Fund	Total Governmental Funds
REVENUES:						
Taxes	$ 107,771	$ -	$ -	$ -	$ -	$ 107,771
Licenses and permits	2,485	-	-	-	-	2,485
Intergovernmental	37,800	-	-	34,769	23,634	96,203
Charges for services	21,732	-	-	-		21,732
Other	1,283	-	60	-		1,343
Total revenues	171,071	-	60	34,769	23,634	229,534
EXPENDITURES:						
Current operating:						
General government	85,793	-	-	-	-	85,793
Street department	56,878	-	18,547	-	-	75,425
Public safety	30,384	-	-	-	-	30,384
Parks and recreation	2,310	-	-	-	-	2,310
Debt service:						-
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlays	-	59,488	8,355	-	-	67,843
Total expenditures	175,365	59,488	26,902	-	-	261,755
Excess (deficiency) of revenues over expenditures	(4,294)	(59,488)	(26,842)	34,769	23,634	(32,221)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balance	(4,294)	(59,488)	(26,842)	34,769	23,634	(32,221)
FUND BALANCE, beginning of year	119,998	59,488	125,283	9,434	39,064	353,267
FUND BALANCE, end of year	$ 115,704	$ -	$ 98,441	$ 44,203	$ 62,698	$ 321,046

(Continued)

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds	$ (32,221)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	53,070
Depreciation	(24,236)
	28,834
Net effect of various capital asset sales and disposals, net of accumulated depreciation	-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	(44)
Change in net position of governmental activities	$ (3,431)

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 12,970
Restricted assets:	
Cash in bank	26,234
Accounts receivable, net of allowance of $0	4,594
Inventory	900
Total current assets	44,698
NONCURRENT ASSETS:	
Capital Assets:	
Land	9,677
Buildings	29,748
Distribution system	3,171,584
Constuction in progress	-
	3,211,009
Less accumulated depreciation	(1,669,299)
Total capital assets	1,541,710
Total assets	1,586,408
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	2,952
Other accrued liabilities	-
Liabilities payable from restricted assets:	
Accrued interest payable	990
Current portion of note payable	10,119
Total current liabilities	14,061
NONCURRENT LIABILITIES:	
Notes payable, net of current portion	287,193
Total noncurrent liabilities	287,193
Total liabilities	301,254
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	1,244,398
RESTRICTED FOR:	
Revenue bond retirement	23,400
UNRESTRICTED	17,356
Total net position	$ 1,285,154

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRORIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water Fund
OPERATING REVENUES:	
Water sales	$ 63,194
Miscellaneous income	-
Total operating revenue	63,194
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	150
Payroll taxes	11
Purchased/contracted services:	
Repairs and replacement	4,257
Professional fees	2,138
Contract labor	19,200
Dues	1,391
Testing	4,796
Insurance	6,324
Supplies:	
Chemicals and supplies	5,477
Office supplies	1,606
Utilities and communication	22,772
Depreciation	79,874
Miscellaneous	183
Total operating expenses	148,179
OPERATING LOSS	(84,985)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	256
Interest expense	(13,592)
Total non-operating revenues (expenses)	(13,336)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(98,321)
CAPITAL CONTRIBUTIONS:	
Contribution from Capital Projects Funds	27,832
NET INCOME BEFORE TRANSFERS	(70,489)
TRANSFERS FROM (TO) GENERAL FUND	-
NET INCOME	(70,489)
NET POSITION, beginning of year	1,355,643
NET POSITION, end of year	$ 1,285,154

See accompanying notes to the basic financial statements

TOWN OF HARRISON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 63,124
Cash paid to suppliers for goods and services	(67,103)
Cash paid to employees	(161)
Net cash provided by (used for) operating activities	(4,140)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	-
Net cash provided by (used for) noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Principal paid on capital debt	-
Interest paid on capital debt	-
Net cash provided by (used for) capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	256
Net cash provided by (used for) investing activities	256
NET INCREASE (DECREASE) IN CASH	(3,884)
CASH AND CASH EQUIVALENTS, beginning of year	43,088
CASH AND CASH EQUIVALENTS, end of year	$ 39,204
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (84,985)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	79,874
Changes in assets and liabilities:	
Accounts receivable	(70)
Due from other funds	-
Accounts payable	1,041
Other accrued liabilities	-
Net cash provided by (used for) operating activities	$ (4,140)
NONCASH CAPITAL FINANCING ACTIVITIES:	
Principal and interest payments of $9,926 and $13,474, respectively were paid from the Capital Projects Funds	
Capital purchases of $4,433 were paid from the Capital Projects Funds	
CASH CLASSIFIED AS:	
Current assets - cash	$ 12,970
Restricted assets - cash	26,234
	$ 39,204

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of Town of Harrison (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town.

Currently, the Town has no blended component units or discretely presented component units

B. Government-wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

> The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
>
> The Capital Projects Fund (2005) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period July 1, 2005 to September 30, 2009. This fund was closed during 2015.
>
> The Capital Projects Fund (2009) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period October 1, 2009 to September 30, 2014.
>
> The Capital Projects Fund (2014) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period October 1, 2014 to September 30, 2020.

The Transportation Special Revenue Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2014 to December 31, 2022.

The Town reports the following major proprietary fund:

The Water and Sewer Fund is used to account for the provision of water and sewer services to businesses and residents of the Town. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The Town complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the Town to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the Town has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Net Position.

E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out ("FIFO") method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

F. Restricted Assets

Restricted assets consist of cash on savings required to be maintained pursuant to the bond ordinances on the USDA Rural Development water revenue bonds payable.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years and an initial cost of $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. No infrastructure assets were completed during the year ended December 31, 2015. At December 31, 2015, there was no construction-in-progress related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30-40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 - 50 years

I. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The Town does not allow accumulated vacation pay beyond one year; therefore there is no significant unrecorded balance at December 31, 2015.

J. Long-Term Obligations

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

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity Classifications

The Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that

comprise a hierarchy based primarily on the extent to which the Town 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 Town 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 Town Council through the adoption of a resolution. Only the Town Council may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

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

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the Town would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The Town does not have a formal minimum fund balance policy; however, the Town Council address various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the Town Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Town of Harrison.
3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.
4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.
5. The legal level of budgetary control is the department level within the General Fund. 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 Mayor and Council.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund and Capital Projects Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2015:

Street department	$ 1,148
Parks and recreation	210
Public safety - capital outlays	2,934

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2015, none of the Town's $353,178 was exposed to custodial credit risk.

Investments - There were no investments at December 31, 2015.

4. PROPERTY TAXES

The value of all real and business personal property located in the Town is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the Town Council. Appraised values are established by the Washington County Tax Assessors at 40% of estimated fair market value.

Taxes were levied when the milleage rate was set on or about September 1. Taxes are billed and collected by the Washington County Tax Commissioner. Taxes are billed shortly after October 8 and are due December 10, after which date penalties and interest may be assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the Town. Current tax collections for the years ended December 31, 2015, were 73.2% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At December 31, 2015, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 3,138	$ -	$ 3,138
Local option sales tax	4,005	-	4,005
Garbage fees receivable	1,764	-	1,764
Capital Projects Fund (2014):			
Special local option sales tax	5,631	-	5,631
Transportation Special Revenue Fund:			
Special local option sales tax	1,538	-	1,538
Water and Sewer Fund:			
Water and sewer fees	-	4,594	4,594
	16,076	4,594	20,670
Allowance for doubtful accounts	-	-	-
	$ 16,076	$ 4,594	$ 20,670

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 15,000	$ -	$ -	$ 15,000
Depreciable capital assets:				
Land improvements	52,108	-	-	52,108
Buildings	186,851	36,575	-	223,426
Equipment	449,584	16,495	-	466,079
Subtotal	703,543	53,070	-	756,613
Accumulated depreciation:				
Buildings	50,469	4,649	-	55,118
Land improvements	14,757	1,740	-	16,497
Equipment	399,432	17,847	-	417,279
Subtotal	464,658	24,236	-	488,894
Net capital assets	$ 238,885	$ 28,834	$ -	$ 267,719

Governmental activities depreciation expense:

General government	$ 4,720
Street department	7,319
Public safety	6,395
Parks and recreation	5,802
	$ 24,236

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 9,677	$ -	$ -	$ 9,677
	9,677	-	-	9,677
Depreciable capital assets:				
Building	26,095	3,654	-	29,749
Infrastructure	3,170,804	779	-	3,171,583
Subtotal	3,206,576	4,433	-	3,211,009
Accumulated depreciation:				
Building	7,831	944	-	8,775
Infrastructure	1,581,594	78,930	-	1,660,524
Subtotal	1,589,425	79,874	-	1,669,299
Net capital assets	$1,617,151	$ (75,441)	$ -	$1,541,710

7. LONG-TERM DEBT

Outstanding Debt:

At December 31, 2015, long-term debt consisted of the following:

	Governmental Activities	Enterprise Fund
$119,500 water and sewerage revenue bonds payable to Farmers Home Administration; interest at 4.5%; payable in monthly principal and interest installments of $543 to January 2035; used for water and sewer system improvements	$ -	$ 82,752
$309,700 water and sewerage revenue bonds payable to Farmers Home Administration; interest at 4.5%; payable in monthly principal and interest installments of $1,407 to January 2035; used for water and sewer system improvements	-	214,560
Total long-term debt	$ -	$ 297,312

Following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Amount Due in One Year
Governmental type activities:					
Line of credit	$ -	$ -	$ -	$ -	$ -
Business-type activities:					
Water and sewer revenue bonds	$ 307,238	$ -	$ (9,926)	$ 297,312	$ 10,119

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to December 31, 2015 are as follows:

Year Ending December 31	Water and Sewer Revenue Bonds	
	Principal	Interest
2016	$ 10,119	$ 13,281
2017	10,585	12,815
2018	11,073	12,327
2019	11,583	11,817
2020	12,115	11,285
2021 - 2025	69,478	47,523
2026 - 2030	87,015	29,985
2031 - 2035	85,344	8,431
	$ 297,312	$ 147,464

8. DEFICIT FUND EQUITY

No fund had a deficit fund balance at December 31, 2015.

9. INTERFUND TRANSACTIONS AND BALANCES

There were no interfund transactions during 2015 or were there any balances due to/from funds at December 31, 2015.

10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Litigation

Various claims and lawsuits are pending against the Town. In the opinion of Town management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the Town's financial position.

11. RETIREMENT PLAN

The Town does not have a retirement or pension plan.

12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Town. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The Town has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the Town has no legal obligation to pay its own workers' compensation claims or general liability claims. The Town is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the Town's annual contribution, the Town has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The Town is self-insured with regard to unemployment compensation claims. The Town accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The Town has not experienced any claims related to unemployment compensation in the past three years.

13. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2015, the City paid $509 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road
PO Box 2800
Augusta, Georgia 30914-2800

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund and the Transportation Special Revenue Fund

TOWN OF HARRISON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 17,600	$ 17,600	$ 10,910	$ (6,690)
Vehicle	7,300	7,300	6,160	(1,140)
Franchise tax	10,500	10,500	9,877	(623)
Alcoholic beverage	6,400	6,400	6,407	7
Local option sales tax	55,000	55,000	46,229	(8,771)
Insurance company premium	26,500	26,500	28,176	1,676
Other	680	680	12	(668)
	123,980	123,980	107,771	(16,209)
Licenses and Permits:				
Building permits	-	-	35	35
Business licenses	3,000	3,000	2,450	(550)
	3,000	3,000	2,485	(515)
Intergovernmental:				
County fire supplement	24,000	24,000	37,800	13,800
	24,000	24,000	37,800	13,800
Charges for services:				
Garbage fees	21,000	21,000	21,732	732
Court fines	500	500	-	(500)
	21,500	21,500	21,732	232
Miscellaneous:				
Interest income	-	-	-	-
Other	3,000	3,000	1,283	(1,717)
	3,000	3,000	1,283	(1,717)
Total revenues	175,480	175,480	171,071	(4,409)

TOWN OF HARRISON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 88,550	$ 88,550	$ 85,793	$ 2,757
Street department	55,730	55,730	56,878	(1,148)
Public safety	18,975	18,975	17,325	1,650
Parks and recreation	2,100	2,100	2,310	(210)
Total operating expenditures	165,355	165,355	162,306	3,049
Capital Outlays:				
General government	-	-	-	-
Street department	-	-	-	-
Public safety	10,125	10,125	13,059	(2,934)
Parks and recreation	-	-	-	-
Total capital expenditures	10,125	10,125	13,059	(2,934)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	175,480	175,480	175,365	115
Excess (deficiency) of revenues over expenditures	-	-	(4,294)	(4,294)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	-	-	-	-
	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(4,294)	(4,294)
FUND BALANCE, beginning of year	119,998	119,998	119,998	-
FUND BALANCE, end of year	$ 119,998	$ 119,998	$ 115,704	$ (4,294)

TOWN OF HARRISON, GEORGIA
TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental:				
Special local option sales tax	$ 16,000	$ 16,000	$ 16,629	$ 629
Intergovernmental grant revenue	7,000	7,000	7,005	5
	23,000	23,000	23,634	634
EXPENDITURES:				
Current operating:				
Transportation improvements	18,000	18,000	-	18,000
Capital outlays	5,000	5,000	-	5,000
Total expenditures	23,000	23,000	-	23,000
Excess revenues over (under) expenditures	-	-	23,634	23,634
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	23,634	23,634
FUND BALANCE, beginning of year	39,064	39,064	39,064	-
FUND BALANCE, end of year	$ 39,064	$ 39,064	$ 62,698	$ 23,634

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TOWN OF HARRISON, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 42,800	$ 42,800	$ 43,460	$ (660)
Payroll taxes	3,200	3,200	3,358	(158)
Purchased/contracted services:				
Accounting and legal	5,100	5,100	4,126	974
Insurance	13,170	13,170	8,492	4,678
Utilities and communication	10,000	10,000	8,157	1,843
Repairs and maintenance	1,110	1,110	1,878	(768)
Dues	1,900	1,900	3,192	(1,292)
Advertising	240	240	253	(13)
Supplies:				
Office supplies	800	800	1,567	(767)
Other costs:				
Travel and training	3,700	3,700	4,399	(699)
Election	4,000	4,000	4,219	(219)
Miscellaneous	2,530	2,530	2,692	(162)
Total General Government	$ 88,550	$ 88,550	$ 85,793	$ 2,757
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 3,000	$ 3,000	$ 1,862	$ 1,138
Payroll taxes	200	200	142	58
Purchased/contracted services:				
Uniforms	-	-	-	-
Training and travel	1,100	1,100	1,373	(273)
Vehicle costs	300	300	83	217
Repairs and maintenance	100	100	264	(164)
Supplies	75	75	-	75
Other costs:				
Dues	325	325	452	(127)
Miscellaneous	-	-	3	(3)
Total police	5,100	5,100	4,179	921

TOWN OF HARRISON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Insurance	$ 7,000	$ 7,000	$ 6,561	$ 439
Repairs and maintenance	900	900	1,458	(558)
Utilities and communications	1,450	1,450	1,506	(56)
Supplies	4,050	4,050	2,198	1,852
Miscellaneous	475	475	1,423	(948)
Total fire	13,875	13,875	13,146	729
Total Public Safety	$ 18,975	$ 18,975	$ 17,325	$ 1,650
Street Department:				
Personal services and employee benefits				
Salaries	$ 22,000	$ 22,000	$ 22,162	$ (162)
Payroll taxes	1,700	1,700	1,694	6
Purchased/contracted services:				-
Utilities	9,300	9,300	9,998	(698)
Repairs and maintenance	700	700	325	375
Garbage contract	18,000	18,000	19,516	(1,516)
Materials and supplies	3,900	3,900	3,164	736
Other costs	130	130	19	111
Total Street Department	$ 55,730	$ 55,730	$ 56,878	$ (1,148)
Parks and Recreation				
County budget payments	$ 2,100	$ 2,100	$ 2,310	$ (210)
Other costs	-	-	-	-
Total Parks and Recreation	$ 2,100	$ 2,100	$ 2,310	$ (210)

TOWN OF HARRISON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2015

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2005 Referendum:						
Street repairs	$ 20,000	$ 33,132	$ 14,585	$ 18,547	$ 33,132	100.0%
Police department equipment	70,000	51,259	51,259	-	51,259	100.0%
City Hall office equipment	25,000	15,108	15,108	-	15,108	100.0%
Water department equipment	80,000	88,172	88,172	-	88,172	100.0%
Street department equipment	30,000	15,350	15,350	-	15,350	100.0%
Park equipment	20,000	19,335	19,335	-	19,335	100.0%
Fire department renovation	-	36,575	-	36,575	36,575	100.0%
Repayment of Water Fund debt	67,120	78,466	74,100	4,366	78,466	100.0%
	$ 312,120	$ 337,397	$ 277,909	$ 59,488	$ 337,397	
2009 Referendum:						
Street repairs	$ 20,000	$ 20,000	$ 3,649	$ -	$ 3,649	18.2%
Police department equipment	50,000	50,000	-	1,173	1,173	2.3%
Fire department equipment	-	50,000	1,921	-	1,921	3.8%
City Hall office equipment	18,000	18,000	-	2,262	2,262	12.6%
General government land improvements	-	9,165	9,165	-	9,165	100.0%
Water department equipment	50,000	50,000	10,140	4,433	14,573	29.1%
Street department equipment	50,000	50,000	32,868	-	32,868	65.7%
Park equipment and improvements	20,000	20,000	13,717	-	13,717	68.6%
Repayment of Water Fund debt	117,000	117,000	39,000	19,034	58,034	49.6%
	$ 325,000	$ 375,000	$ 110,460	$ 26,902	$ 137,362	

TOWN OF HARRISON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2015
(Continued)

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2014 Referendum:						
Street repairs	$ 10,000	$ 10,000	$ -	$ -	$ -	-
Police department equipment	5,000	5,000	-	-	-	-
City Hall office equipment	5,000	5,000	-	-	-	-
Water department equipment	30,000	30,000	-	-	-	-
Street department equipment	20,000	20,000	-	-	-	-
Park equipment	10,000	10,000	-	-	-	-
Repayment of Water Fund debt	140,000	140,000	-	-	-	-
	$ 220,000	$ 220,000	$ -	$ -	$ -	

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

To the Mayor and Council
Town of Harrison, Georgia

We have audited, 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, the financial statements of the governmental activities, the business type activities and each major fund of the Town of Harrison, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Harrison's basic financial statements and have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Harrison, 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 Town of Harrison, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Harrison'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 were considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as items 15-1 through 15-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Harrison Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 15-3.

Town of Harrison, Georgia's Response to Findings

Town of Harrison, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Harrison, 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.

Wright & Wright, P.C.

May 5, 2016

TOWN OF HARRISON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2015

SIGNIFICANT DEFICIENCIES

15-1 Segregation of Duties

Condition

Due to the small size of the Town's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect

Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation

The Town Council should implement other internal controls in areas where segregation of duties is not practical.

Views of Responsible Officials

We concur and will continue to require dual signatures on checks and council approval for non recurring expenditures.

15-2 Controls Over Financial Statement Presentation

Condition

Town personnel do not currently possess the professional skills necessary to prepare the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the Town's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The Town should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

COMPLIANCE AND OTHER MATTERS

15-3 Budgetary

Condition

In the Town's General Fund, actual expenditures exceeded budget appropriations in two departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The Town should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our Town Council will analyze budgetary financial data periodically and amend the budget when appropriate.

TOWN OF HARRISON

P.O. Box 31
Harrison, GA 31035
478-552-7640

Georgia Department of Audits & Accounts
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended December 31, 2015.

With respect to the finding regarding segregation of duties in the "Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

1. We annually review our system of internal control after our audited financial statements are received, along with any suggestions from the accounting firm as to improvements that can be made to strengthen controls.

2. We are a small municipal government with a full-time clerk as the only office employee. We have separated accounting duties as much as possible, but because of two sets of books, one for general fund and one for water fund, this is difficult to do. The mayor and a council member co-signs checks after council approves the bills for payment.

3. We do not feel that it would be cost effective to hire additional personnel only for the purpose of internal control duty separations.

4. Town personnel do not currently possess the professional skills necessary to prepare the year end financial statements and related footnotes. The Town will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

5. The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2015:

Street department	$ 1,148
Parks and recreation	210
Public safety - capital outlays	2,934

In the future, the Mayor and Council will more closely monitor expenditures to determine if a budget amendment needs to be made or whether expenses should be reduced.

We feel that our internal control system is as strong as possible in the above described situation with the limited number of personnel involved. As indicated in the auditor's report, no significant errors or irregularities were found because of our lack of segregation of duties.

Should you need any further explanation of this matter please contact us.

Sincerely,

Joe Walker
Mayor, Town of Harrison