

CITY OF HARTWELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

CITY MANAGER
DAVID ALDRICH

FINANCE OFFICER
JOAN HUGHES

456 EAST HOWELL STREET, HARTWELL, GEORGIA 30643

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INTRODUCTORY SECTION

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CITY OF HARTWELL

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Hartwell, Georgia:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Williamson & Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the financial statements for the year ended December 31, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Hartwell, incorporated in 1856, is located in Northeast Georgia, approximately 92 miles northeast of Atlanta. The City of Hartwell is the county seat of Hart County. "The Best Town by a Dam Site", the City's slogan, reflects close proximity of the hydroelectric Dam constructed in 1965 by U.S. Corp of Engineers to generate electricity. The City encompasses approximately 4.6 square miles, and serves an estimated population of 4,482.

The City of Hartwell is empowered to levy a property tax on both real and personal property located within its boundaries and to extend its corporate limits by annexation which it has done from time to time.

Hartwell is operated under a Council-Manager plan with a weak Mayor form of government as a result of a revised City Charter adopted February 11, 1992. The Mayor is the Chief Executive Officer of the City. Regular meetings are held on the first Monday of each month at which time official City business in transacted. All meetings are open to the public and the public is encouraged to attend the meetings.

Daily operations of the City are under the direct supervision of the City Manager, who in turn reports to the City Council. The City Manager is appointed by the City Council. The Mayor is elected citywide every four years. Six council members are elected for four-year terms, three members every two years.

The City of Hartwell provides a full range of services, including police and fire protection, maintenance of streets, building and zoning and code enforcement. In addition to the usual government services, the City also provides a full range of utility services, water, sewer, gas and solid waste. A goal of the Mayor and Council is to provide and maintain quality service, while keeping property tax millage low.

Also included as part of the City's reporting is the Hartwell Downtown Development Authority (DDA), which is a legally separate entity. They are included as a component unit in the City of Hartwell's financial statements.

The City of Hartwell's annual budget serves as the foundation for the financial planning and control. All departments are required to submit budget requests to the City Manager, who compiles the proposed operating and capital budgets. The City Manager presents a proposed budget before the Council at their annual retreat session. The final budget is adopted in accordance with State law.

Local Economy

The City of Hartwell has felt the same economic downfall as the rest of our country, but the City of Hartwell continues to strive and maintain a strong and healthy financial environment. Development in the residential areas has been slow, but the downtown businesses have increased. Among the top ten employers in the City, are also our principle property taxpayers, two of which employ 13.3% of Hart County's employment.

The median household income within the City of Hartwell was $29,128 and the median income for a family was $45,909. The per capita income for the City was $20,128. About 15.4% of families and 23.1% the population were below poverty line including 21.5% under age 18 and 20.6% of these ages 65 or over.

Long-term Financial Planning and Major Initiatives

The City has contracted with Break Point Consulting to assist with obtaining a favorable lease agreement from the United States Corps of Engineers for the 143 acres of what is now called Hart State Park. This is a long, formal, and difficult process but one the City of Hartwell, the State of Georgia, and the USCOE has embraced. The City's ultimate goal is to obtain a long term lease for the property, then sublease portions of the property to developers to further develop and enhance recreational opportunities on Lake Hartwell.

The City has been working with developers for over two years on an exciting project we refer to as the "Oakview Crossing" development. The initial phase of this should begin in the fall of 2015 with the construction of approximately 20,000 square feet of medical space for a new AnMed facility. The second phase will be the construction of approximately 100 units of mostly senior living. This development is on approximately 46 acres near the Walmart on North US 29 in Hartwell.

Hartwell is also making substantial improvements to the Water Treatment Plant. The City is seeking to add an additional Clear Well of approximately 300,000 gallons along with other updates and improvements at the Water Plant. The City has applied and been approved for funding through the Georgia Environmental Facilities Authority of approximately $4,000,000.

Hartwell is also investing in the Waste Water Treatment Plant with plans to spend nearly $1,000,000 on a new method of handling the sand filtration. A GEFA loan has already been committed and engineering is in the design phase. This will enable the City to stay ahead of changes and enhance our ability to meet all EPD compliance regulations.

Relevant Financial Policies

The purpose of the City of Hartwell's financial management policy is to insure that the City conducts investment, cash and debt management activities in a responsible manner in full compliance with Federal and State law. The City is committed to meeting all current and future obligations and that all cash funds are properly collateralized and no short term financing has been needed to meet operations.

The City's policy is to maintain budgetary controls to ensure compliance with legal requirements of the State of Georgia. The appropriation and resolution is adopted and approved by the Mayor and Council for all fund types with the legal level of control at the department level. Budget amendments by Council can be found in MD&A.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hartwell for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. This was the 10th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Finance an Administration Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hartwell's finances.

Respectfully submitted,

David Aldrich
City Manager

Joan Hughes
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hartwell

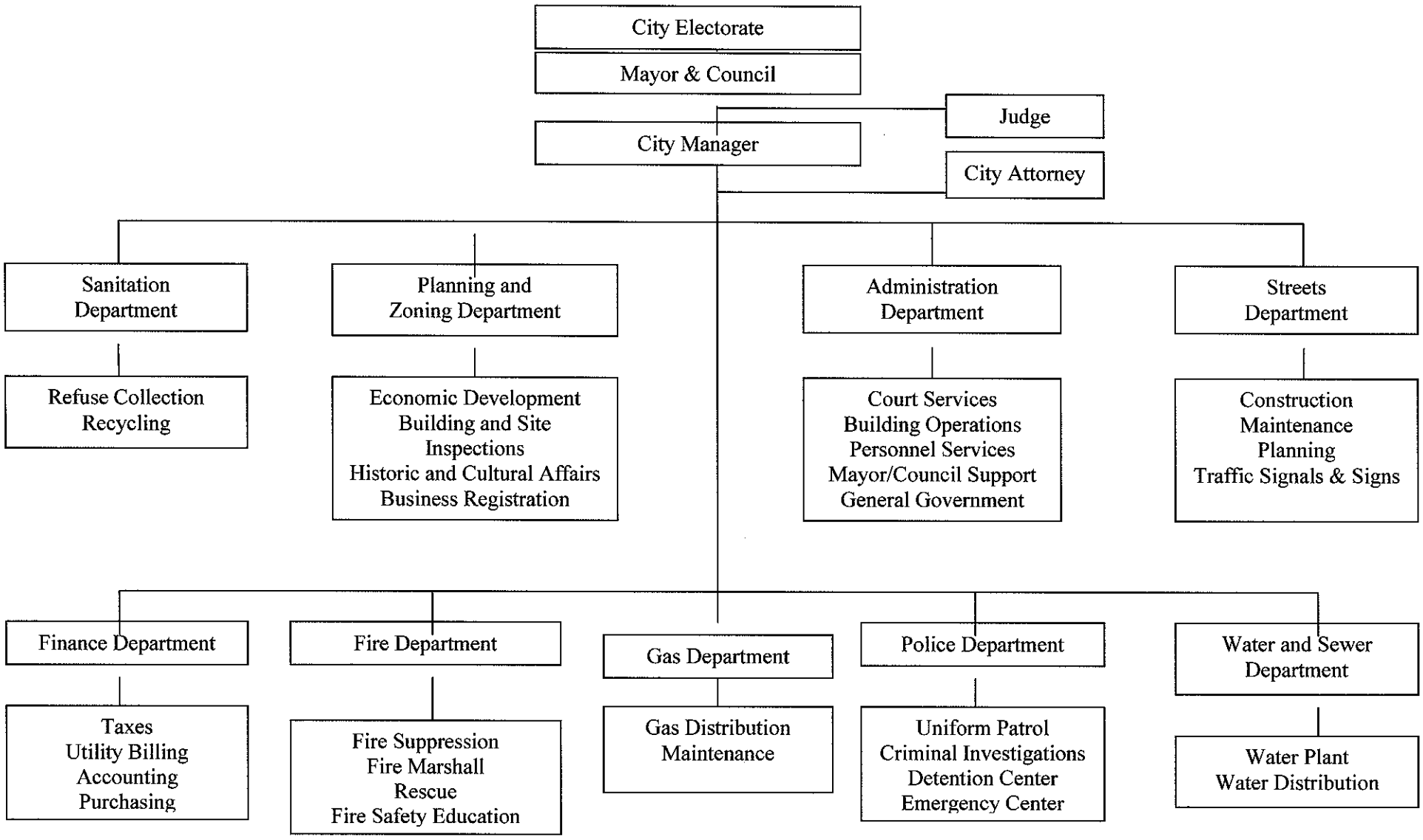
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF HARTWELL, GEORGIA
Organizational Chart
2014



CITY OF HARTWELL, GEORGIA
List of Elected and Appointed Officials
December 31, 2014

Elected Officials

Mayor	Brandon Johnson
Councilman	Bill Griggs
Councilman	Arthur Craft
Councilman	Billy Ethridge
Councilman	Mike McNabb
Councilman	Tray Hicks
Councilman	Tony Haynie

Appointed Officials

City Manager	David Aldrich
Attorney	Robert Leverett
City Clerk	Jean Turner
Auditor	Williamson & Company, CPAs
Municipal Court Judge	Frank George

Department Heads

Chief of Police	Anthony Davis
Public Works Director	Dennis White
Finance Officer	Joan Hughes
Zoning Administrator	Dan Spivey
Fire Chief	Terry Vickery
Building Inspector	Robert Glenn
Gas Department	Audie Laviolette

FINANCIAL SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of Hartwell
Hartwell, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartwell, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartwell, Georgia, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial statements on pages 50-51, the budgetary comparisons for the Capital Projects Fund, the Economic Development Fund, the Confiscated Asset Fund, the Information Technology Fund, and the Hotel/Motel Tax Fund on pages 49 and 52-55, and the Schedule of Local Option Sales Tax Expenditures on page 81, 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 nonmajor fund financial statements, the budgetary comparisons for the Capital Projects Fund, the Economic Development Fund, the Confiscated Asset Fund, the Information Technology Fund, the Hotel/Motel Tax Fund, and Schedule of Local Option Sales Tax Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2015, on our consideration of the City of Hartwell, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hartwell, State Georgia's internal control over financial reporting and compliance.

Williamson and Company

Williamson and Company
Certified Public Accountants
May 31, 2015

Management's Discussion and Analysis

This section of the City of Hartwell's comprehensive annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended December 31, 2014 and should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceeded liabilities by $25,971,550 at the end of the year. This amount includes $16,558,415 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $2,526,576 and unrestricted net position of $6,886,559 which may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City's total net position decreased by $362,240 (1.4%) to $25,971,550. The net position for governmental activities increased by $55,717 and business-type net position decreased by $417,957.

- As of the close of the current fiscal year, the City of Hartwell's governmental funds reported combined ending fund balances of $3,854,790, an increase of $19,798 from the prior year amount. Almost 25% of the total is committed for future local economic development and tourism promotion.

- The business-type activities, excluding transfers, had revenues of $7,193,685 while expenses, excluding transfers, were $6,485,720

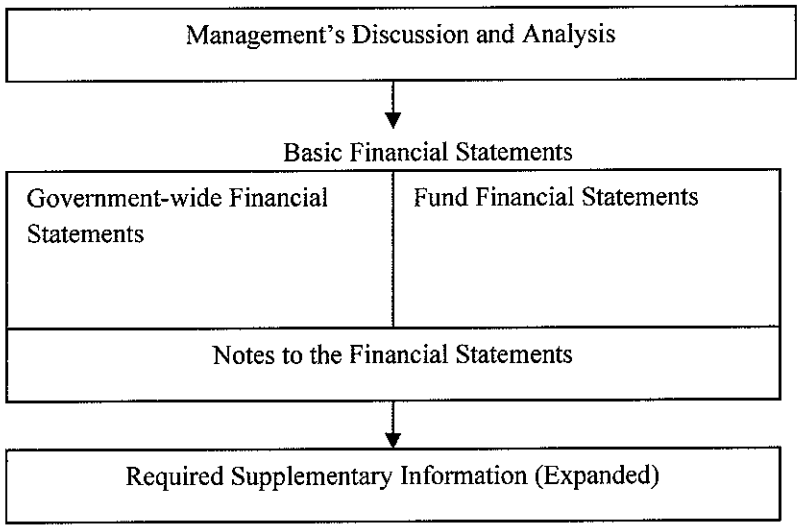
- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $73,292 (52.0%) in fiscal year 2014.

- The City's capital assets, net of accumulated depreciation, (Note 6) at December 31, 2014 totaled $19,888,563.

An Overview of the Financial Statements

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

Required Components of the City's Comprehensive Annual Financial Report



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position combines all of the City's current financial resources with capital assets and long-term obligations. Net position, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including general administration, police, fire, zoning and inspections, and public works.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include gas, solid waste collection, and water and sewer services.

- **Component units** – Included in the component unit for the City is the Downtown Development Authority. Although this organization is a separate legal entity, the City is financially accountable for them. The Hartwell Recreation Authority is a related organization, however, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for this organization.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	Proprietary Funds
Scope	Includes the City's basic services such as police, fire, service delivery, and streets	Services provided by the City that are operated similar to private businesses and for which the City charges a fee
Examples	Police, Fire, Street, Zoning, Building Inspection, and Similar Activities	Gas, Solid Waste, Water and Sewer
Required Financial Statements	- Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balances	- Statement of Net Position - Statement of Revenues, Expenses, and Changes in Net Position
Accounting Basis and Measurement Focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term
Type of Inflow / Outflow Information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year. The City's net position decreased by $362,240 (1.4%) in fiscal year 2014. The net position of the governmental activities of the City increased by $55,717 while the business-type activities decreased by $417,957. The City's total assets decreased by $14,439 (0.1%), to $30,273,998. Of the City's $25,971,550 in net position, $16,558,415 is invested in capital assets, net of related debt and accumulated depreciation.

For more detailed information, see the Statement of Net Position on page 15 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Position
As of December 31
(In thousands, 000s)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	2014-2013
Assets							
Current and Other Assets	$ 4,496	$ 4,542	$ 5,889	$ 6,372	$ 10,385	$ 10,914	-4.8%
Capital Assets	9,029	8,480	10,860	10,894	19,889	19,374	2.7%
Total Assets	13,525	13,022	16,749	17,266	30,274	30,288	0.0%
Liabilities							
Current and Other Liabilities	126	199	571	595	697	794	-12.2%
Long-term Debt Outstanding	1,848	1,328	1,757	1,833	3,605	3,161	14.0%
Total Liabilities	1,974	1,527	2,328	2,428	4,302	3,955	8.8%
Net Position							
Invested in Capital Assets, Net of Related Debt	7,399	7,360	9,159	9,114	16,558	16,474	0.5%
Restricted	2,526	2,552	-	-	2,526	2,552	-1.0%
Unrestricted	1,626	1,584	5,261	5,724	6,887	7,308	-5.8%
Total Net Position	$ 11,551	$ 11,496	$ 14,420	$ 14,838	$ 25,971	$ 26,334	-1.4%

CHANGES IN NET POSITION

The City's total revenues before transfers increased by 873,092 (1.9%) in the 2014 fiscal year compared to the previous year. The increase in revenues can be attributed to increased tax revenue and natural gas sales. Expenses before transfers, increased by $933,403 (8.7%) from prior year. The increase in the City's expenses for 2014, water and sewer repairs, and extra manpower to keep pace with the growth of the city and high demand for services.

The next chart shows revenues and expenses by sources and programs and the resulting change in net position.

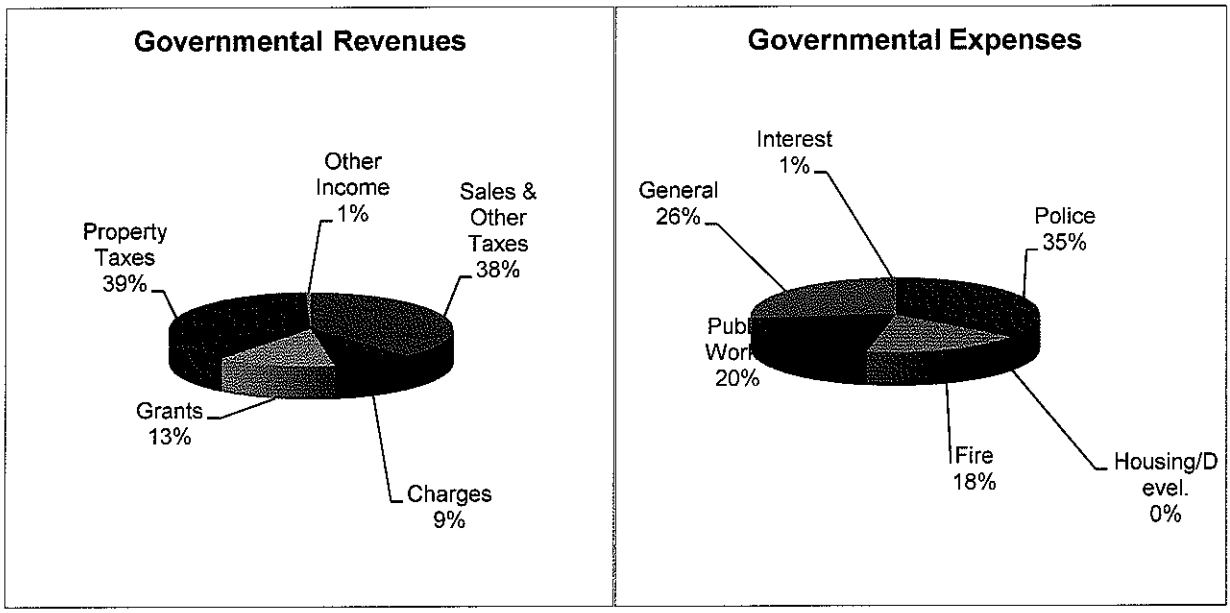
Table 2
Changes in Net Position
(In Thousands, 000s)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	2014-2013
Revenues							
Program Revenues							
Charges for Services	$ 368	$ 368	$ 7,162	$ 6,619	$ 7,530	$ 6,987	7.8%
Operating Grants and Contributions	152	-	-	-	152	-	N/A
Capital Grants and Contributions	405	430	-	-	405	430	-5.8%
General Revenues							
Property Taxes	1,630	1,432	-	-	1,630	1,432	13.8%
Local Option Sales Tax	588	548	-	-	588	548	7.3%
Other Taxes	1,004	967	-	-	1,004	967	3.8%
Investment Income	10	12	3	5	13	17	-23.5%
Other Revenues	11	77	29	10	40	87	-54.0%
Total Revenues	4,168	3,834	7,194	6,634	11,362	10,468	8.5%
Expenses							
General Government	1,353	1,070	-	-	1,353	1,070	26.4%
Public Safety	2,753	2,722	-	-	2,753	2,722	1.1%
Public Works	997	811	-	-	997	811	22.9%
Housing and Development	33	30	-	-	33	30	10.0%
Interest on Long-Term Debt	44	33	-	-	44	33	N/A
Water and Sewer	58	6	2,339	2,194	2,397	2,200	9.0%
Gas	-	-	3,546	3,334	3,546	3,334	6.4%
Solid Waste	-	-	600	590	600	590	1.7%
Total Expenses	5,238	4,672	6,485	6,118	11,723	10,790	8.6%
Excess (Deficiency) Before Transfers	(1,070)	(838)	709	516	(361)	(322)	12.1%
Transfers	1,126	565	(1,126)	(565)	-	-	-
Increase (Decrease) In Net Position	$ 56	$ (273)	$ (417)	$ (49)	$ (361)	$ (322)	12.1%

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities in fiscal year 2014 was $5,237,983, while revenues received were $4,167,778. After transfers, the increase in net position was $55,717 compared to a $273,187 decrease in the prior year. See pages 16 and 17 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities
Fiscal Year 2014



Revenue Impacts:

- Property tax revenues, which provide 39.% of governmental revenues, increased by $198,135 from the previous fiscal year due to increased prior year tax collections and an increase in TAVT revenue. The City assessed 11.3 mils for fiscal year 2014, which generated $1,629,856 in property tax revenue for general operations and capital expenditures. Since the change of the (TAVT) Taxation of Motor Vehicles, the new state law provides a new method of taxation resulting in increased revenue.

- Local option sales tax collections, used for general operating purposes, increased by $40,130 over the prior year, as the economy seemed to stabilize. Special local option sales tax collections, used for water and sewer system improvements, and City road improvements, totaled $403,264, an increase of $27,580 from the prior year.

- Revenues from all grants and contributions increased by $126,254 over the prior year.

Expense Impacts

- General government expenses increased by $282,468 compared to the prior year.
- Public safety expenses increased by $32,006 due to increased salaries and high cost of maintenance for the departments.
- Public works expenses increased by $185,986 as a result of an increase in the cost of annual repairs and maintenance compared to fiscal 2013.
- The City also felt the effects of rising healthcare costs across each department of the governmental activities.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(In Thousands, 000s)

Fund	Program Revenues		Program Expenses		Excess (Deficiency) Before Transfers & Investment Earnings	
	2014	2013	2014	2013	2014	2013
Water and Sewer	$ 2,103	$ 1,936	$ 2,339	$ 2,194	$ (236)	$ (258)
Gas	4,355	3,976	3,546	3,334	809	642
Solid Waste	704	706	600	590	104	116
Total	$ 7,162	$ 6,618	$ 6,485	$ 6,118	$ 677	$ 500

Total revenues for business-type activities for the fiscal year 2014 were $7,162,304 a $543,923 increase compared to the prior year. Expenses were $6,485,720 in 2014, $367,916 more than the prior year. Activities for individual enterprise funds are summarized below.

- Water & Sewer program revenues increased by $166,834 while operating expenses increased by $144,612 from the prior year. The increase in revenues resulted from a rise in consumption for the water and sewer comparable with 2013, and system improvements that reduced lost water. Extensive repair costs and more personnel were the driving factors behind the increase in water and sewer fund expenses.

- Gas program revenues increased by $379,113 and expenses increased by $213,047. The revenue increase was not as much as the prior year, with a much milder winter, but still an increase due mainly to additional poultry farms. Poultry growers are some of our largest natural gas users. As the demand for natural gas rises, so does the expense for purchasing natural gas. The gas department continues to complete major projects in the City and County.

- Solid Waste program revenues decreased by $2,024 from the prior year. Expenses decreased by $10,257. The decrease in Solid Waste revenues is due to a small decrease in the number of residential customers. Less landfill expenses coupled with less depreciation expense due to some equipment in the fund being fully depreciated in the 2013 audit period.

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 12/31/2013	Sources	Uses	Sources Over (Under) Uses	Fund Balances 12/31/2014
General Fund	$ 140,874	$ 5,619,922	$ (5,546,630)	$ 73,292	$ 214,166
Capital Projects Fund	2,497,357	404,779	(441,029)	(36,250)	2,461,107
Other Governmental Funds	1,196,761	75,819	(93,063)	(17,244)	1,179,517
Total	$ 3,834,992	$ 6,100,520	$ (6,080,722)	$ 19,798	$ 3,854,790

At December 31, 2014 the governmental funds reported a combined fund balance of $3,854,790 (see statement on page 20), which is an increase of $19,798.

General Fund
The General Fund was able to increase fund balance by $73,292 through an increase operating transfers from each enterprise fund.

Capital Projects Fund
During the year, the City collected Special Local Option Sales Tax receipts from Hart County for the SPLOST IV referendum. Total collections for the year were $403,264.

Other Governmental Funds
Other Governmental Funds are made up of various special revenue funds of the City. Program revenues for fiscal year 2014 were $75,819, and expenditures excluding transfers out were $76,928, both increases from the prior year. Special revenue funds are committed funds and are expensed as the need arises. The decision was made by the governing body to hold expenditures down to minimum and continue to increase balances for major expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 23 of the financial statements.

The City's original General Fund budget, approved by the City Council in December, 2013, was based on expected revenues of $3,553,000 and transfers in of $947,950. At year-end, actual revenues totaled $3,419,727 which was $133,273, under projected amounts.

CAPITAL ASSETS

The City's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of December 31, 2014 amounted to $19,888,563. This investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. In 2014, capital assets, net of accumulated depreciation increased by $514,394 from the previous period. For more detailed information concerning capital assets see pages 36 and 37 in the notes to the financial statements.

Table 6
Capital Assets
(Net of Depreciation, In Thousands 000s)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	2014-2013
Land	$ 1,853	$ 1,853	$ 598	$ 598	$ 2,451	$ 2,451	0.0%
Buildings and Structures	4,477	4,571	40	47	4,517	4,618	-2.2%
Utility Systems	-	-	7,707	7,943	7,707	7,943	-3.0%
Infrastructure	1,349	1,381	-	-	1,349	1,381	-2.3%
Machinery and Equipment	1,350	675	2,515	2,306	3,865	2,981	29.7%
Total	$ 9,029	$ 8,480	$ 10,860	$ 10,894	$ 19,889	$ 19,374	2.7%

This year's major capital asset additions included:

Governmental Activities:

- Siren Tornado Signals - $62,150
- Fire Truck - $722,685
- Breathing Apparatus - $11,237
- Thermal Imager - $8,887
- One Police Car Fully Equipped -$31,888

Business-type Activities:

- Gas Fund - 2014 F-150 – $17,680
- Gas Fund – Bare Steel Distribution Project – $176,251
- Water & Sewer Fund – Generators/Lift Stations- $158,236
- Water & Sewer Fund – SCADA System - $62,638
- Water & Sewer Fund – John Deere Backhoe - $102,474
- Water & Sewer Fund – YMCA Lift Station- $63,478

LONG-TERM DEBT

As of December 31, 2014, the City had $3,330,148 in debt outstanding. This is an increase of $430,151 compared to the prior fiscal year end. More detailed information about the City's long-term liabilities is included in Note 7 and Note 8 on pages 38-40 of the financial statements.

Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. Standard & Poor's Corporation has assigned the City's debt rating at AAA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $12,028,000. The City has no general obligation debt.

Table 7
Outstanding Debt at December 31, 2014
(In Thousands, 000s)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Compensated Absences	$ 218	$ 209	$ 57	$ 53	$ 275	$ 262
Note Payable	974	1,120	-	-	974	1,120
Capital Leases	656	-	1,700	1,780	2,356	1,780
Total	$ 1,848	$ 1,329	$ 1,757	$ 1,833	$ 3,605	$ 3,162

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The financial performance for the City of Hartwell has been better than most Cities during the recession of the past few years. The City has been able to maintain a high level of services for our citizens without a reduction in force or furlough days. The expectation for 2015 is about the same as 2014. The citizens of the City of Hartwell can be assured of our responsibility to keep a close review of all expenditures and plan to remain financially sound for 2015. The 2009-2011 property tax billing will be completed in 2015, anticipating enough revenue to offset any refunds due to taxpayers.

The Mayor and City Council approved in the 2015 Budget for a 3% increase in Water and Sewer rates. The rates were increased to keep up with the rising cost of operations and mandatory regulations.

FINANCIAL CONTACT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the City of Hartwell's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Finance Officer at 456 East Howell Street, Hartwell, Georgia 30643 or via email at cityofhartwell@hartcom.net or www.hartwell-ga.info

BASIC FINANCIAL STATEMENTS

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CITY OF HARTWELL, GEORGIA
Statement of Net Position
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Hartwell DDA
Assets				
Cash And Cash Equivalents	$ 1,317,015	$ 2,526,269	$ 3,843,284	$ 63,612
Receivables, Net	2,482,287	1,576,969	4,059,256	-
Inventories	-	290,432	290,432	-
Internal Balances	(1,495,500)	1,495,500	-	-
Restricted Cash	2,192,563	-	2,192,563	-
Capital Assets:				
Land And Improvements	1,852,935	597,788	2,450,723	-
Other Capital Assets, Net	7,175,966	10,261,874	17,437,840	37,979
Total Capital Assets	9,028,901	10,859,662	19,888,563	37,979
Total Assets	13,525,266	16,748,832	30,274,098	101,591
Liabilities				
Accounts Payable	89,372	447,664	537,036	-
Salaries And Wages Payable	36,792	19,626	56,418	2,234
Customer Deposits	-	103,718	103,718	-
Long-term Liabilities:				
Due Within One Year	-	149,536	149,536	3,311
Due In More Than One Year	1,847,804	1,608,036	3,455,840	26,392
Total Liabilities	1,973,968	2,328,580	4,302,548	31,937
Net Position				
Net Investment In Capital Assets	7,398,951	9,159,464	16,558,415	8,276
Restricted				
Construction	2,461,107	-	2,461,107	-
Law Enforcement	65,469	-	65,469	-
Unrestricted	1,625,771	5,260,788	6,886,559	61,378
Total Net Position	$ 11,551,298	$ 14,420,252	$ 25,971,550	$ 69,654

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 1,352,862	$ 176,944	$ -	$ 404,780
Public Safety				
Police	1,818,754	173,096	-	-
Fire	934,997	-	-	-
Public Works	997,046	535	151,621	-
Housing and Development	32,573	17,268	-	-
Water and Sewer Improvements	57,549	-	-	-
Interest on Long-term Debt	44,202	-	-	-
Total Governmental Activities	5,237,983	367,843	151,621	404,780
Business-type Activities				
Water and Sewer	2,338,801	2,103,055	-	-
Gas	3,546,447	4,355,176	-	-
Solid Waste	600,472	704,073	-	-
Total Business-type Activities	6,485,720	7,162,304	-	-
Total Primary Government	$ 11,723,703	$ 7,530,147	$ 151,621	$ 404,780
Component Unit				
Hartwell Downtown Development Authority	$ 73,747	$ 27,048	$ 61,119	$ -

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hartwell DDA
Primary Government:				
Governmental Activities				
General Government	$ (771,138)	$	$ (771,138)	$
Public Safety				
Police	(1,645,658)		(1,645,658)	
Fire	(934,997)		(934,997)	
Public Works	(844,890)		(844,890)	
Housing and Development	(15,305)		(15,305)	
Water and Sewer Improvements	(57,549)		(57,549)	
Interest on Long-term Debt	(44,202)		(44,202)	
Total Governmental Activities	(4,313,739)		(4,313,739)	
Business-type Activities				
Water and Sewer		(235,746)	(235,746)	
Gas		808,729	808,729	
Solid Waste		103,601	103,601	
Total Business-type Activities		676,584	676,584	
Total Primary Government			(3,637,155)	
Component Unit				
Hartwell Downtown Development Authority				14,420
General Revenues:				
Taxes:				
Property	1,629,856	-	1,629,856	-
Sales and Use	588,091	-	588,091	-
Hotel/Motel	51,384	-	51,384	-
Business Occupation	53,486	-	53,486	-
Insurance Premium	241,035	-	241,035	-
Beverage	187,057	-	187,057	-
Franchise	437,075	-	437,075	-
Financial Institution	34,454	-	34,454	-
Investment Earnings	9,648	2,845	12,493	76
Miscellaneous	11,448	18,592	30,040	5,356
Gain From Asset Disposal	-	9,944	9,944	-
Transfers	1,125,922	(1,125,922)	-	-
Total General Revenues and Transfers	4,369,456	(1,094,541)	3,274,915	5,432
Change in Net Position	55,717	(417,957)	(362,240)	19,852
Net Position - Beginning	11,495,581	14,838,209	26,333,790	49,802
Net Position - Ending	$ 11,551,298	$ 14,420,252	$ 25,971,550	$ 69,654

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2014

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 367,040	$ -	$ 941,583	$ 1,308,623
Receivables, Net				
Accounts	35,147	-	-	35,147
Taxes	1,943,670	-	3,008	1,946,678
Loans	-	-	169,457	169,457
Intergovernmental	-	334,013	-	334,013
Cash - Restricted	-	2,127,094	65,469	2,192,563
Total Assets	2,345,857	2,461,107	1,179,517	5,986,481
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	89,372	-	-	89,372
Salaries and Wages Payable	36,792	-	-	36,792
Due to Other Funds	1,495,500	-	-	1,495,500
Total Liabilities	1,621,664	-	-	1,962,986
Deferred Inflows of Resources				
Unavailable Revenue	510,027	-	-	510,027
Total Deferred Inflows of Resources	510,027	-	-	510,027
Fund Balances				
Nonspendable				
Notes Receivable	-	-	169,457	169,457
Restricted				
Capital Projects	-	2,461,107	-	2,461,107
Law Enforcement	-	-	65,469	65,469
Committed				
Economic Development	-	-	941,583	941,583
Tourism Promotion	-	-	3,008	3,008
Unassigned, Reported In				
General Fund	214,166	-	-	214,166
Total Fund Balances	214,166	2,461,107	1,179,517	3,854,790
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,345,857	$ 2,461,107	$ 1,179,517	$ 5,986,481

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
December 31, 2014

Fund Balances - Total Governmental Funds		$ 3,854,790
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.		
Governmental Capital Assets	14,567,793	
Less Accumulated Depreciation	(5,538,892)	9,028,901
Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities.		510,027
An internal service fund is used by management to charge the costs of health insurance activities to individual funds and departments. Assets and liabilities of the internal service fund are presented with the governmental activities in the Statement of Net Position.		5,384
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Note Payable	(974,102)	
Capital Lease Payable	(655,848)	
Compensated Absences	(217,854)	(1,847,804)
Net Position of Governmental Activities		$ 11,551,298

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 2,903,601	$ -	$ 51,384	$ 2,954,985
Licenses and Permits	29,503	-	-	29,503
Intergovernmental	162,504	403,264	-	565,768
Fines and Forfeitures	220,981	-	2,100	223,081
Charges for Services	90,506	-	13,871	104,377
Interest Income	1,485	1,515	8,163	11,163
Miscellaneous Income	11,147	-	301	11,448
Total Revenues	3,419,727	404,779	75,819	3,900,325
Expenditures				
Current				
General Government	1,017,784	-	72,486	1,090,270
Public Safety				
Police	1,667,156	-	4,442	1,671,598
Fire	1,514,532	-	-	1,514,532
Public Works	860,281	71,152	-	931,433
Housing and Development	30,254	-	-	30,254
Water and Sewer Improvements	-	57,549	-	57,549
Debt Service				
Principal	212,421	-	-	212,421
Interest	44,202	-	-	44,202
Capital Outlay				
Water and Sewer Improvements	-	312,328	-	312,328
Total Expenditures	5,346,630	441,029	76,928	5,864,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,926,903)	(36,250)	(1,109)	(1,964,262)
Other Financing Sources (Uses)				
Capital Lease Issuance	722,685	-	-	722,685
Proceeds From Sale of Capital Assets	23,125	-	-	23,125
Transfers - In	1,454,385	-	-	1,454,385
Transfers - Out	(200,000)	-	(16,135)	(216,135)
Total Other Financing Sources (Uses)	2,000,195	-	(16,135)	1,984,060
Net Change in Fund Balances	73,292	(36,250)	(17,244)	19,798
Fund Balance - Beginning of Year	140,874	2,497,357	1,196,761	3,834,992
Fund Balance - End of Year	$ 214,166	$ 2,461,107	$ 1,179,517	3,854,790

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, 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 December 31, 2014

Net Change in Fund Balances - Total Governmental Funds		$ 19,798
Amounts reported for Governmental activities in the Statement of Activities are different because:		
Govenmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. For the current period, these amounts are:		
Expenditures For Governmental Activity Capital Assets	1,156,175	
Less Current Year Depreciation	(287,052)	869,123
Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities.		270,948
Transfer of Capital Assets to a Proprietary Fund	(312,328)	
Net Transfers From Proprietary Funds	23,095	(289,233)
Proceeds From Capital Asset Disposal	(23,125)	
Loss on Sale	(4,845)	(27,970)
Issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Capital Lease Issuance	(722,685)	
Repayment of Principal	212,421	(510,264)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net Change in Long-term Compensated Absences		(8,977)
An internal service fund is used by management to charge the cost of employee health insurance to individual funds and departments. Net revenue of the internal service fund is reported with the governmental activities.		(267,708)
Change in Net Position of Governmental Activities		$ 55,717

The accompanying notes are an integral part of this financial statement.

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CITY OF HARTWELL, GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Taxes	$ 3,170,000	$ 3,170,000	$ 2,903,601	$ (266,399)
Licenses and Permits	29,000	29,000	29,503	503
Intergovernmental	11,000	11,000	162,504	151,504
Fines and Forfeitures	170,000	170,000	220,981	50,981
Charges for Services	155,000	155,000	90,506	(64,494)
Miscellaneous Income	15,000	15,000	11,147	(3,853)
Interest Income	3,000	3,000	1,485	(1,515)
Total Revenues	3,553,000	3,553,000	3,419,727	(133,273)
Expenditures				
Current				
General Government	935,650	1,052,355	1,017,784	34,571
Public Safety				
Police	1,658,580	1,711,224	1,667,156	44,068
Fire	792,655	1,590,697	1,514,532	76,165
Public Works	820,170	919,772	860,281	59,491
Housing and Development	38,895	38,895	30,254	8,641
Debt Service				
Principal	213,000	213,000	212,421	579
Interest	42,000	42,000	44,202	(2,202)
Total Expenditures	4,500,950	5,567,943	5,346,630	221,313
Deficiency of Revenues Under Expenditures	(947,950)	(2,014,943)	(1,926,903)	88,040
Other Financing Sources (Uses)				
Capital Lease Issuance	-	-	722,685	722,685
Proceeds From Sale of Capital Assets	-	-	23,125	23,125
Transfers - In	947,950	1,454,385	1,454,385	-
Transfers - Out	-	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	947,950	1,254,385	2,000,195	745,810
Net Change in Fund Balance	-	239,044	73,292	(165,752)
Fund Balance - Beginning of Year	140,874	140,874	140,874	-
Fund Balance - End of Year	$ 140,874	$ 379,918	$ 214,166	$ (165,752)

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA

Statement of Net Position
Proprietary Funds
December 31, 2014

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Assets					
Current Assets					
Cash and Cash Equivalents	$ 617,176	$ 1,517,716	$ 391,377	$ 2,526,269	$ 5,384
Receivables, Net	414,057	999,692	163,220	1,576,969	-
Inventories	149,192	136,677	4,563	290,432	-
Due From Other Funds	1,250,879	-	257,401	1,508,280	-
Total Current Assets	2,431,304	2,654,085	816,561	5,901,950	5,384
Noncurrent Assets					
Capital Assets					
Land and Improvements	581,588	16,199	-	597,787	-
Distribution and Collection Systems	19,070,828	6,287,693	-	25,358,521	-
Buildings	1,168,835	143,700	-	1,312,535	-
Equipment	2,453,554	1,720,910	552,958	4,727,422	-
Less Accumulated Depreciation	(16,334,972)	(4,327,006)	(474,625)	(21,136,603)	-
Total Noncurrent Assets	6,939,833	3,841,496	78,333	10,859,662	-
Total Assets	9,371,137	6,495,581	894,894	16,761,612	5,384
Liabilities					
Current Liabilities					
Accounts Payable	51,649	362,857	33,158	447,664	-
Salaries and Wages Payable	9,838	6,231	3,557	19,626	-
Customer Deposits	52,520	51,198	-	103,718	-
Due to Other Funds	-	12,780	-	12,780	-
Capital Leases	46,081	46,081	-	92,162	-
Compensated Absences	38,919	13,539	4,916	57,374	-
Total Currrent Liabilities	199,007	492,686	41,631	733,324	-
Noncurrent Liabilities					
Capital Leases	804,018	804,018	-	1,608,036	-
Total Noncurrrent Liabilities	804,018	804,018	-	1,608,036	-
Total Liabilities	1,003,025	1,296,704	41,631	2,341,360	-
Net Position					
Net Investment in Capital Assets	6,089,734	2,991,397	78,333	9,159,464	-
Unrestricted	2,278,378	2,207,480	774,930	5,260,788	5,384
Total Net Position	$ 8,368,112	$ 5,198,877	$ 853,263	$ 14,420,252	$ 5,384

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Operating Revenues					
Charges for Services	$ 2,103,055	$ 4,355,176	$ 704,073	$ 7,162,304	$ 561,412
Miscellaneous	5,081	173	13,338	18,592	-
Total Operating Revenues	2,108,136	4,355,349	717,411	7,180,896	561,412
Operating Expenses					
Costs of Sales and Services	1,161,186	3,120,346	512,564	4,794,096	1,026,150
Professional Fees	52,049	16,777	3,534	72,360	-
Utilities	321,139	10,443	1,258	332,840	-
Repairs and Maintenance	119,569	26,625	23,491	169,685	-
Other Supplies and Expenses	168,477	127,275	44,312	340,064	-
Depreciation	466,961	195,561	15,313	677,835	-
Total Operating Expenses	2,289,381	3,497,027	600,472	6,386,880	1,026,150
Operating Income (Loss)	(181,245)	858,322	116,939	794,016	(464,738)
Nonoperating Revenues (Expenses)					
Gain on Asset Disposal	9,944	-	-	9,944	-
Interest and Investment Revenue	823	2,022	-	2,845	-
Interest Expense	(49,420)	(49,420)	-	(98,840)	-
Total Nonoperating Revenues (Expenses)	(38,653)	(47,398)	-	(86,051)	-
Income (Loss) Before Capital Contributions and Transfers	(219,898)	810,924	116,939	707,965	(464,738)
Capital Contributions	312,328	-	-	312,328	-
Transfers In	-	-	-	-	200,000
Transfers Out	(200,000)	(958,250)	(280,000)	(1,438,250)	-
Change in Net Position	(107,570)	(147,326)	(163,061)	(417,957)	(264,738)
Total Net Position - Beginning	8,475,682	5,346,203	1,016,324	14,838,209	270,122
Total Net Position - Ending	$ 8,368,112	$ 5,198,877	$ 853,263	$ 14,420,252	$ 5,384

The accompanying notes are an integral part of this financial statement.

CITY OF HARTWELL, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Cash Flows From Operating Activities					
Receipts from Customers	$ 2,046,361	$ 4,555,977	$ 714,592	$ 7,316,930	$ 604,881
Payments to Suppliers	(1,103,974)	(2,897,536)	(342,904)	(4,344,414)	(282,317)
Payments to/for Employees	(734,609)	(541,146)	(278,085)	(1,553,840)	(743,833)
Net Cash Provided by (Used for) Operating Activities	207,778	1,117,295	93,603	1,418,676	(421,269)
Cash Flows From Noncapital Financing Activities					
Operating Subsidies and Transfers from Other Funds	8,773	-	-	8,773	200,000
Operating Subsidies and Transfers to Other Funds	-	(945,470)	(438,201)	(1,383,671)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	8,773	(945,470)	(438,201)	(1,374,898)	200,000
Cash Flows From Capital and Other Financing Activities					
Sale of Capital Assets	9,944	-	-	9,944	-
Purchases of Capital Assets	(137,019)	(193,928)	-	(330,947)	-
Principal Paid on Capital Debt	(40,057)	(40,057)	-	(80,114)	-
Interest Paid on Capital Debt	(49,420)	(49,420)	-	(98,840)	-
Net Cash Used for Capital and Related Financing Activities	(216,552)	(283,405)	-	(509,901)	-
Cash Flows From Investing Activities					
Interest Earned	823	2,022	-	2,845	-
Net Increase (Decrease) in Cash and Cash Equivalents	822	(109,558)	(344,598)	(453,334)	(221,269)
Cash and Cash Equivalents, January 1	616,354	1,627,274	735,975	2,979,603	226,653
Cash and Cash Equivalents, December 31	$ 617,176	$ 1,517,716	$ 391,377	$ 2,526,269	$ 5,384
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (181,245)	$ 858,322	$ 116,939	$ 794,016	$ (464,738)
Adjustments to Reconcile Operating Income to Net Cash Provide by Operating Activities:					
Depreciation Expense	466,961	195,561	15,313	677,835	-
(Increase)/Decrease in Receivables	(63,908)	44,560	(1,507)	(20,855)	43,469
(Increase)/Decrease in Inventories	14,010	7,214	(1,203)	20,021	-
Increase/(Decrease) in Accounts Payable	(39,429)	12,538	(34,336)	(61,227)	-
Increase/(Decrease) in Salaries/Wages Payable	(277)	(2,664)	(2,708)	(5,649)	-
Increase/(Decrease) in Customer Deposits	3,950	5,800	-	9,750	-
Increase/(Decrease) in Compensated Absences	7,716	(4,036)	1,105	4,785	-
Net Cash Provided by Operating Activities	$ 207,778	$ 1,117,295	$ 93,603	$ 1,418,676	$ (421,269)
Noncash Investing, Capital, and Financing Activities					
Equipment	$ (126,286)	$ (63,361)	$ (138,860)	$ (328,507)	$ -
Accumulated Depreciation	119,286	63,361	138,860	321,507	-
Capital Asset Contributions	312,328	-	-	312,328	-

The accompanying notes are an integral part of this financial statement.

Note 1. Summary of Significant Accounting Policies

The City of Hartwell was incorporated in 1856, and operates under a Council-Manager form of government. The City provides the following services: Public Works (Streets), Solid Waste (Sanitation), Public Utilities (Gas and Water and Sewer), Public Safety (Police and Fire), General and Administrative Services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit. The Downtown Development Authority (DDA), an entity legally separate from the City, is governed by a board appointed by the City Council and the Mayor. The Development Authority was created for the purpose of administering activities with regard to revitalization of downtown Hartwell. The Authority is financially dependent on the City for funding. For financial reporting purposes, the DDA is reported as a discretely presented component unit in the Statement of Net Position and the Statement of Activities as determined by the State of Georgia Department of Audits and Accounts.

Individual financial statements for the discretely presented component unit can be obtained from:

Hartwell Downtown Development Authority
P.O. Box 1105
Hartwell, Georgia 30643

Related Organizations

The City is responsible for appointing the members of the boards of other organizations, but the accountability for these organizations does not extend beyond making appointments. The City does provide support for some committees as approved by the City Council. The related organizations are as follows:

City of Hartwell Recreation Authority – Formed in 1996, the City deeded land to the Authority for the purpose of constructing a public golf course. Funding to construct the golf course was secured via 1996 revenue bonds issued by the Recreation Authority. These bonds are to be repaid from Authority operations and private corporations. The City has no financial liability with respect to the outstanding bond debt, and is allowed to spray treated effluent on the golf course for irrigation purposes at no additional cost to the City. The City Council appoints the 5-member board.

Historic Preservation Commission – The City Council appoints the 7-member board responsible for preservation of the historic downtown Hartwell area.

Zoning Board – The City Council appoints the 5-member board that makes decisions and recommendations regarding subdivisions, changes in zoning within the City, and proposed annexations.

Street and Tree Commission – The City Council appoints a 9-member board that is responsible for preservation of the City's trees.

Economic Development Commission – The City Council appoints a 5-member board that is responsible for interviewing and recommending eligible applicants for City economic development funds.

Hartwell Housing Authority – The Mayor appoints a 5-member board that is responsible for maintaining federally subsidized housing located within the City.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of activity between funds has been removed from these statements. However, interfund services provided and used during the year are presented as transfers in the government-wide financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide Statement of Net Position, governmental and business-type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

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

The financial transactions of the City are recorded in individual funds which provide a separate set of self-balancing accounts that are comprised of assets, liabilities, fund equity, revenues and expenditures.

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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

The City reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the revenues and expenditures generated by the Special Local Option Sales Tax program which helps the City with the acquisition and construction of major capital assets

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for operations of the City which involve water distribution, sewage pumping stations and collection systems, and the sewage treatment plant. A fee is charged to external users for goods or services and the activity is intended to be self-supporting.

The *Gas Fund* accounts for those operations of the City which involve natural gas distribution, including gas line and meter maintenance and additions. A fee is charged to external users for goods or services and this activity is also intended to be self supporting.

The *Solid Waste Fund* accounts for those operations of the City which involve collection of customer's garbage throughout the City. A fee is charged to external users for services and this activity is also intended to be self-supporting.

Additionally, the City reports the following fund types:

The *Internal Service Fund* accounts for risk management activities of the City on a cost reimbursement basis. The internal service fund is a proprietary fund that is presented in the governmental activities in the government-wide statements.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water/Sewer, the Gas Fund, and the Solid Waste Fund are charges to customers for sales and services. The Water/Sewer Fund and Gas Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

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

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the City's General Fund and special revenue funds. Annual appropriations lapse at fiscal year end.

Encumbrance or commitments related to the unperformed contract for goods or services (if any) were for immaterial amounts and therefore are not reported as commitments of fund balances.

E. Cash and Investments

Cash and cash investments include amounts in demand deposits, all highly liquid investments with a maturity of three months or less when purchased and the local government investment pool. Investments for the City are reported at fair value except for the position in the Georgia Fund 1. It is reported at net asset value per share, which approximates fair value. State statutes authorize the City to invest in obligations of the State of Georgia or other states, obligations of the United States government, obligations fully insured or guaranteed by the United States government, prime banker's acceptances, and the Georgia Fund 1 established by Georgia Code §36-83-8, repurchase agreements and obligations of other political subdivisions of the State of Georgia.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of activity between funds has been eliminated from the government-wide financial statements.

Exceptions to this general rule are administrative charges between the General Fund and the Water/Sewer and Gas Funds. Elimination of these charges would distort the direct costs and revenues reported for the two funds.

G. Restricted Assets

Various funds report assets that are restricted either by regulation or the revenue source. The capital projects funds can only be used for purposes specified by the SPLOST referendum. Cash accounts in the Confiscation Fund and the Police Technology Fund are to be used solely for the benefit of the Hartwell Police Department.

H. Capital Assets

Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs and gutters, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Amounts representing the City's infrastructure are composed of acquisitions of general infrastructure assets made after the implementation of GASB 34 on June 15, 2003.

Estimated useful lives used to compute depreciation are:

Equipment	3-10 Years
Buildings	20-50 Years
Infrastructure	30-50 Years
Distribution Systems	20-75 Years

I. Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements.

J. Long-term Obligations

Long-term debt and other obligations are reported as a liability in the government-wide financial statements and the proprietary fund types in the fund financial statements.

K. Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable whereas premiums increase the amount of the issue.

L. Fund Equity

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

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based 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 that are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – fund balances that 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 that are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

Assigned – fund balances that are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management. This authority has not been delegated as of the date of these financial statements.

Unassigned – fund balances that are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

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

Net Position – represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition, construction of capital assets. Net Position may be reported as restricted or unrestricted.

M. Inventory

Inventories are valued at lower of cost (first-in, first-out) or market.

N. Property Tax

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes are assessed January 1. Taxes were levied and billed on December 18, 2014, and due on February 27, 2015, and subject to liens thereafter.

O. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings following the close of the year for amounts used but unbilled as of yearend.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet of the governmental funds 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City had no items that qualified as a deferred outflow of resources for fiscal 2014.

In addition to liabilities, the statement of financial position and the balance sheet of the governmental funds 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 one item that qualifies as a deferred inflow of resources for fiscal 2014 and arises under the modified accrual basis of accounting only. The source of the deferred inflow reported is property tax revenue that is considered unavailable at year end.

Note 2. Legal Compliance - Budgets

Georgia Law requires an annual balanced budget for the City's General Fund and special revenue funds, and a project length budget for each capital project fund. All departments of the City (administration, public safety, public works, and housing and development) submit requests for appropriation to the City Clerk so that a budget may be prepared. The budget is prepared by fund and function (department). For budgetary purposes, the special revenue funds are considered to be City departments.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter. The 2014 General Fund and special revenue funds budgets were voted upon and adopted by the City Council.

Note 3. Cash and Investments

Primary Government:

Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities. At year end the government's carrying amount of demand deposits with financial institutions was $2,616,602 and the bank balance was $2,893,243. The City's deposits were covered by $250,000 federal depository insurance and the remaining $2,643,243 balance was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Cash balances as of December 31, 2014 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	$ 3,843,284
Restricted Cash	2,192,563
Total Cash	$ 6,035,847

Cash balances consist of the following:

Cash Deposits in Financial Institutions	$ 2,616,602
Holdings of Georgia Fund 1	3,419,245
Total Cash	$ 6,035,847

Investment in State Investment Pool

The City is a voluntary participant in the Georgia Fund 1 that is under the oversight of the State of Georgia Office of State Treasurer. The fund, created under OCGA §36-83-8, is a stable net asset value investment pool that has been given an AAAm credit risk rating by Standard and Poor's. Investment credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The Fund operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 type pool. The pool is not registered with the SEC as an investment company. It is a public entity risk pool and is not subject to credit risk classification. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Investment in the Georgia Fund 1 totaled $3,419,245 at year end.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. This can be measured by an assignment of a rating by a rating organization. The City does not have a formal policy that addresses credit risk.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Sewer Fund	Gas Fund	Solid Waste Fund
Receivables:						
Accounts	$ 35,147	$ -	$ -	$ 435,756	$ 1,024,767	$ 175,837
Taxes	1,943,670	-	3,008	-	-	-
Loans	-	-	169,457	-	-	-
Intergovernmental	-	334,013	-	-	-	-
Total	1,978,817	334,013	172,465	435,756	1,024,767	175,837
Less: Allowance for Uncollectibles	-	-	-	(21,699)	(25,075)	(12,617)
Net Total Receivables	$ 1,978,817	$ 334,013	$ 172,465	$ 414,057	$ 999,692	$ 163,220

Property tax is levied upon receipt of the digest from Hart County and based upon the assessed value at January 1. Taxes were levied December 18, 2014 and due by February 27, 2015. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Hart County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2014, excluding exempt property was $119,861,453. Based on the 2014 millage levy of 11.3, a property owner would pay $11.30 per $1,000 of assessed valuation. Current tax collections of $1,196,974 were 88.4% of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Note 5. Interfund Balances and Transfers

Interfund Balances

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, short-term non-operating subsidies and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as "due/to from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances". As of December 31, 2014, the following internal balance was present:

Receivable Fund	Payable Fund	Amount
Water and Sewer	General Fund	1,250,879
Solid Waste	General Fund	257,401
General Fund	Gas Fund	12,780
	Total	1,521,060

Transfers and Payments:

Routine transfers and payments between funds are to subsidize operations, fund capital projects, pay for capital asset acquisition and to re-allocate special revenues.

Interfund transfers at the fund level for the year ended December 31, 2014 were as follows:

Transfer Out Fund	Transfer In Fund		
	General	Self Insurance	Total
General	$ -	$ 200,000	$ 200,000
Hotel/Motel Tax	16,135	-	16,135
Water	200,000	-	200,000
Gas	958,250	-	958,250
Solid Waste	280,000	-	280,000
Total	$ 1,454,385	$ 200,000	$ 1,654,385

Note 6. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

Governmental Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 1,852,935	$ -	$ -	$ -	$ 1,852,935
Total Nondepreciable Capital Assets	1,852,935	-	-	-	1,852,935
Depreciable Capital Assets					
Buildings and Improvements	7,215,832	-	-	-	7,215,832
Machinery and Equipment	3,222,063	836,847	(122,583)	82,935	4,019,262
Infrastructure	1,479,764	-	-	-	1,479,764
Total Depreciable Capital Assets	11,917,659	836,847	(122,583)	82,935	12,714,858
Less Accumulated Depreciation For:					
Buildings and Improvements	(2,645,436)	(93,083)	-	-	(2,738,519)
Machinery and Equipment	(2,546,658)	(161,237)	94,613	(55,809)	(2,669,091)
Infrastructure	(98,550)	(32,732)	-	-	(131,282)
Total Accumulated Depreciation	(5,290,644)	(287,052)	94,613	(55,809)	(5,538,892)
Total Depreciable Capital Assets, Net	6,627,015	549,795	(27,970)	27,126	7,175,966
Total Capital Assets, Net	$ 8,479,950	$ 549,795	$ (27,970)	$ 27,126	$ 9,028,901

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 597,787	$ -	$ -	$ -	$ 597,787
Total Nondepreciable Capital Assets	597,787	-	-	-	597,787
Depreciable Capital Assets					
Buildings and Improvements	1,312,535	-	-	-	1,312,535
Machinery and Equipment	4,485,376	378,229	(60,248)	(75,935)	4,727,422
Distribution and Collection Systems	25,118,405	267,706	(27,590)	-	25,358,521
Total Depreciable Capital Assets	30,916,316	645,935	(87,838)	(75,935)	31,398,478
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,266,035)	(6,528)	-	-	(1,272,563)
Machinery and Equipment	(2,179,045)	(176,849)	60,248	82,935	(2,212,711)
Distribution and Collection Systems	(17,174,804)	(494,458)	17,933	-	(17,651,329)
Total Accumulated Depreciation	(20,619,884)	(677,835)	78,181	82,935	(21,136,603)
Total Depreciable Capital Assets, Net	10,296,432	(31,900)	(9,657)	7,000	10,261,875
Total Capital Assets, Net	$ 10,894,219	$ (31,900)	$ (9,657)	$ 7,000	$ 10,859,662

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

Governmental Activities:

General Government	$ 95,927
Police	68,238
Fire	101,530
Building	2,319
Public Works	19,038
Total Depreciation Expense	$ 287,052

Business-type Activities

Water Fund	$ 466,961
Gas Fund	195,561
Solid Waste Fund	15,313
Total Depreciation Expense	$ 677,835

B. Component Unit

The following is a summary of changes in capital asset activity for fiscal year ending December 31, 2014:

	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Depreciable Capital Assets					
Buildings and Improvements	$ 50,008	$ -	$ -	$ -	$ 50,008
Machinery and Equipment	1,487	-	-	-	1,487
Total Depreciable Capital Assets	51,495	-	-	-	51,495
Less Accumulated Depreciation For:					
Buildings and Improvements	(10,835)	(1,667)	-	-	(12,502)
Machinery and Equipment	(769)	(245)	-	-	(1,014)
Total Accumulated Depreciation	(11,604)	(1,912)	-	-	(13,516)
Total Depreciable Capital Assets, Net	39,891	(1,912)	-	-	37,979
Total Capital Assets, Net	$ 39,891	$ (1,912)	$ -	$ -	$ 37,979

Note 7. Long-term Debt

A. Primary Government

Notes Payable – Governmental Activities

In April of 2011, the City executed an Installment Sale Agreement in the amount of $1,500,000 with First Citizens Bank and Trust Company, Inc. in order to partially finance the City Hall and Police Department construction cost. Payments are due in monthly installments of $14,532 including interest calculated at 2.74%

The following schedule presents debt service requirements to maturity for the installment sale agreement:

Year Ending December 31	Principal	Interest	Total
2015	$ 149,558	$ 24,825	$ 174,383
2016	153,708	20,675	174,383
2017	157,973	16,410	174,383
2018	161,753	12,630	174,383
2019	166,037	8,346	174,383
2020-2021	185,073	2,595	187,668
Totals	$ 974,102	$ 85,481	$ 1,059,583

The following is a summary of the City's long-term debt activity for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Note Payable	$ 1,119,685	$ -	$ (145,583)	$ 974,102	$ 149,558
Capitalized Leases	-	722,685	(66,837)	655,848	65,359
Compensated Absences	208,877	149,653	(140,676)	217,854	140,876
Total Governmental Activities	$ 1,328,562	$ 872,338	$ (353,096)	$ 1,847,804	$ 355,793
Business-type Activities:					
Capitalized Leases	$ 1,780,312	$ -	$ (80,114)	$ 1,700,198	$ 92,161
Compensated Absences	52,589	88,617	(83,832)	57,374	57,374
Total Business-type Activities	$ 1,832,901	$ 88,617	$ (163,946)	$ 1,757,572	$ 149,535

Historically, the City's compensated absences have been liquidated in the funds in which they were incurred. This also is the City's policy regarding current and future liquidations. For the governmental activities compensated absences are liquidated in the General Fund.

B. Component Unit

Note Payable

	Interest Rate	Date of Issue	Date of Last Payment
Hartwell Downtown Development Authority			
Note Payable - Real Estate Purchase	4.00%	9/1/2007	9/1/2022

Note Payable debt service requirements to maturity are presented as follows.

Year Ending December 31	Principal	Interest	Total
2015	$ 3,311	$ 1,119	$ 4,430
2016	3,446	984	4,430
2017	3,587	843	4,430
2018	3,733	697	4,430
2019	3,885	545	4,430
2020-2022	11,741	665	12,406
Totals	$ 29,703	$ 4,853	$ 34,556

Changes in Long-term Liabilities:

Long-term liability activity for the year was as follows:

Hartwell Downtown Development Authority

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	$ 35,718	$ -	$ (2,835)	$ 32,883	$ 3,182

Note 8. Lease Obligations

Capital Lease: During 2009, the City entered into a capital lease agreement as lessee for financing upgrades of the water metering and gas metering infrastructure, major roof repair at the Waste Water Treatment Plant, and upgrades to more energy efficient lighting in six City facilities. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Water Sewer	Gas
Asset:		
Water and Gas System Improvements	$ 973,360	$ 973,360
Less: Accumulated Depreciation	(162,227)	(162,227)
Total	$ 811,133	$ 811,133

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 are as follows:

Year Ending December 31	Water Sewer	Gas
2015	$ 92,161	$ 92,161
2016	94,926	94,926
2017	98,782	98,782
2018	106,772	106,772
2019	113,992	113,992
2020-2024	639,097	639,097
Total: Minimum Lease Payments	1,145,730	1,145,730
Less: Amount Representing Interest	(295,631)	(295,631)
Total	$ 850,099	$ 850,099

Capital Lease: During 2014, the City entered into a capital lease agreement as lessee for financing the purchase of a new ladder truck for the fire department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Aerial Ladder Truck	$ 722,685
Less: Accumulated Depreciation	(36,434)
Total	$ 686,251

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 are as follows:

Year Ending December 31	General Fund
2015	$ 82,220
2016	82,220
2017	82,220
2018	82,220
2019	82,220
2020-2023	328,880
Total: Minimum Lease Payments	739,978
Less: Amount Representing Interest	(84,130)
Total	$ 655,848

Note 9. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Hartwell Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective September 1, 1981, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service or 55 years of age with 25 years of service. Early retirement is possible at age 55 with 10 years of service. Benefits are calculated at 1.0% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The 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 and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued

liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the actuarial valuation, dated July 1, 2013, the estimated minimum annual contribution under these funding standards for the fiscal year ended December 31, 2014 was $172,207.

According to the annual plan valuation dated July 1, 2013, the recommended contribution to the plan for the fiscal year ended December 31, 2014 was $227,200 ($0 employee and $227,200 employer; 0% employee and 7.92% employer of covered payroll respectively), and for 2013 was $261,378 ($0 employee and $261,378 employer, 0% employee and 8.59% employer of covered payroll). Covered payroll calculated for 2014 and 2013 was $2,818,845 and $2,989,318, respectively.

Funded Status. GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual pension cost contributed and net pension obligation for the most recent three years.

Three Year Trend Information

For the Year Ended December 31	Employer Annual Pension Cost (APC)	Percentage of APC Contributed	Net (EOY) Pension Obligation
2014	$ 227,200	100.0%	$ -
2013	261,378	100.0%	-
2012	239,916	100.0%	-

Schedule Of Funding Progress

Actuarial Valuation For Plan Year Beginning January	(1) Actuarial Value Of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability As % Of Covered Payroll (3)/(5)
2014	$ 4,421,070	$ 5,055,172	$ 634,102	87.46%	$ 2,818,845	22.50%
2013	4,199,063	5,003,751	804,688	83.92%	2,989,318	26.92%
2012	3,958,663	4,626,097	667,434	85.57%	2,847,911	23.44%
2011	3,676,845	4,362,268	685,423	84.29%	2,859,454	23.97%
2010	3,108,056	4,114,487	1,006,431	75.54%	2,909,557	34.59%
2009	3,344,913	3,842,162	497,249	87.06%	2,519,754	19.73%
2008	3,183,323	3,639,798	456,475	87.46%	2,487,874	18.35%
2007	3,033,340	3,351,435	318,095	90.51%	2,165,689	14.69%
2006	2,880,224	3,115,664	235,440	92.44%	2,208,429	10.66%
2005	2,763,769	2,866,984	103,215	96.40%	2,018,873	5.11%

Significant Actuarial Assumptions. A variety of significant actuarial assumptions are used to compute the actuarial accrued liability and the annual recommended contribution and these assumptions are summarized below:

Rate of Return on Investment	7.75%
Salary Increases	
Future Social Security Wage Base	3.50%
Inflation	3.50%
Cost of Living Adjustment	0.00%
Post Retirement Benefit Increases	N/A
Administrative Expenses	$5,000 plus $50 per participant plus 0.05% of market value of assets.
Actuarial Methods:	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit Cost Method.
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Amortization Method	Closed level dollar for remaining unfunded liability
Actuarial Value of Assets	Sum of actuarial value at beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value for 2014.

As of July 1, 2013, employee membership data used for the actuarial calculations were as follows:

Retirees and beneficiaries currently receiving benefits	43
Terminated employees entitled to benefits but not yet receiving	14
Vested active participants	49
Nonvested active participants	32
Total	138

Note 10. Other Information

Personal Time

City employees earn personal or compensatory time at the rate of one and a half hours for each approved hour of overtime worked in excess of 40 hours per week. The maximum accrual allowed is up to 168 hours (21 days) per year, and are allowed to carry over 240 hours (30 days) maximum, for employees other than police, who are allowed up to 480.

Note 11. Hotel/Motel Tax Revenues and Tourism Expenditures

The City of Hartwell levies a 5 percent hotel/motel tax in accordance with the provisions of the Official Code of Georgia §48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent.

For the year ended December 31, 2014, the City collected $51,384. In accordance with a contractual agreement, The City paid $35,300 to the Hartwell Chamber of Commerce to promote tourism for the City. This amount exceeded the required contribution by $14,746.

Note 12. Risk Management

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have material adverse effect on the financial condition of the City. The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. During the past three fiscal years, the costs of any settlements have not exceeded the City's insurance coverage. The City has obtained worker's compensation insurance coverage and property, general liability, crime, auto, law enforcement liability and public official's liability insurance from private insurance carriers.

The workers compensation limits of coverage are $1,000,000 per accident for bodily injury, and $1,000,000 for each employee for bodily injury by disease. There is no deductible for workers compensation claims. All other insurance coverage has a deductible of $1,000 per claim.

Note 13. Joint Venture

The City of Hartwell is a member of the Georgia Mountains Regional Commission (GMRC). The GMRC was created under the laws of the State of Georgia and cities and counties in the area served by the GMRC are required to be members. The membership of the GMRC includes 51 cities and counties in the north Georgia mountains. The City has no equity interest in the GMRC nor does the City materially contribute to the continued existence of the GMRC. The Official Code of Georgia Annotated §50-8-39.1 states that in the event the GMRC ceases operation, the membership can be assessed for any debt or obligation of the GMRC. Separate financial statements may be obtained from: Georgia Mountains Regional Commission, 1310 W. Ridge Road, Gainesville, Georgia 30501.

Note 14. Contingencies

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

Note 15. Commitments

As of December 31, 2014, the City was not obligated under any significant commitments.

Note 16. Special Purpose Local Option Sales Tax

In 2005, Hart County voters approved a continuation on a special one percent sales and use tax be imposed in Hart County for a period of time not to exceed 24 calendar quarters. Actual collection of the tax began April 1, 2006. The City of Hartwell's distributive share of the revenue collected was projected to be $2,366,400 to be used for sewer improvements and road improvements throughout the City.

In 2010, Hart County voters approved a continuation of a special one percent sales and use tax be imposed in Hart County for a period of time not to exceed 24 calendar quarters. Actual collection of the tax began April 1, 2012. The City of Hartwell's distributive share of the revenue collected is projected to be $2,366,400 to be used for sewer improvements and road improvements throughout the City.

Note 17. Other Post Employment Benefits

The City does not currently offer any post retirement benefits other than the pension plan described in Note 9.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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CITY OF HARTWELL, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance From Final Budget
Revenues				
Intergovernmental	$ 400,000	$ 400,000	$ 403,264	$ 3,264
Interest Income	200	200	1,515	1,315
Total Revenues	400,200	400,200	404,779	4,579
Expenditures				
Current				
Public Works	-	-	71,152	(71,152)
Water and Sewer Improvements	55,000	55,000	57,549	(2,549)
Capital Outlay				
Water and Sewer Improvements	345,200	345,200	312,328	32,872
Total Expenditures	400,200	400,200	441,029	(40,829)
Excess of Revenues Over Expenditures	-	-	(36,250)	(36,250)
Net Change in Fund Balance	-	-	(36,250)	(36,250)
Fund Balance - Beginning of Year	2,497,357	2,497,357	2,497,357	-
Fund Balance - End of Year	$ 2,497,357	$ 2,497,357	$ 2,461,107	$ (36,250)

CITY OF HARTWELL, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Economic Development	Confiscated Fund	Police Technology	Hotel/Motel Tax	
Assets					
Cash	$ 941,583	$ -	$ -	$ -	$ 941,583
Receivables					
Tax	-	-	-	3,008	3,008
Loans	169,457	-	-	-	169,457
Cash - Restricted	-	34,359	31,110	-	65,469
Total Assets	1,111,040	34,359	31,110	3,008	1,179,517
Fund Balances					
Nonspendable					
Notes Receivable	169,457	-	-	-	169,457
Restricted					
Police	-	34,359	31,110	-	65,469
Committed					
Economic Development	941,583	-	-	-	941,583
Tourism Promotion	-	-	-	3,008	3,008
Total Fund Balances	1,111,040	34,359	31,110	3,008	1,179,517
Total Liabilities and Fund Balances	$ 1,111,040	$ 34,359	$ 31,110	$ 3,008	$ 1,179,517

CITY OF HARTWELL, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue				Total Nonmajor Governmental Funds
	Economic Development	Confiscated Asset	Police Technology	Hotel/Motel Tax	
Revenues					
Taxes	$ -	$ -	$ -	$ 51,384	$ 51,384
Fines and Forfeitures	-	2,100	-	-	2,100
Charges for Services	-	3,396	10,475	-	13,871
Interest Income	8,109	28	26	-	8,163
Miscellaneous	301	-	-	-	301
Total Revenues	8,410	5,524	10,501	51,384	75,819
Expenditures					
Current					
General Government	37,186	-	-	35,300	72,486
Police	-	-	4,442	-	4,442
Total Expenditures	37,186	-	4,442	35,300	76,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,776)	5,524	6,059	16,084	(1,109)
Other Financing Sources (Uses)					
Transfers - Out	-	-	-	(16,135)	(16,135)
Total Other Financing Sources (Uses)	-	-	-	(16,135)	(16,135)
Net Change in Fund Balances	(28,776)	5,524	6,059	(51)	(17,244)
Fund Balances - Beginning of Year	1,139,816	28,835	25,051	3,059	1,196,761
Fund Balances - End of Year	$ 1,111,040	$ 34,359	$ 31,110	$ 3,008	$ 1,179,517

CITY OF HARTWELL, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual - Economic Development Fund
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Interest Income	$ 7,900	$ 7,900	$ 8,109	$ 209
Miscellaneous Income	500	500	301	(199)
Total Revenues	8,400	8,400	8,410	10
Expenditures				
General Government	8,400	8,400	37,186	(28,786)
Total Expenditures	8,400	8,400	37,186	(28,786)
Deficiency of Revenues Under Expenditures	-	-	(28,776)	(28,776)
Net Change in Fund Balance	-	-	(28,776)	(28,776)
Fund Balance - Beginning of Year	1,139,816	1,139,816	1,139,816	-
Fund Balance - End of Year	$ 1,139,816	$ 1,139,816	$ 1,111,040	$ (28,776)

CITY OF HARTWELL, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
Confiscated Asset Fund - Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance From Final Budget
Revenues				
Fines and Forfeitures	$ 4,000	$ 4,000	$ 2,100	$ (1,900)
Charges for Services	2,500	2,500	3,396	896
Interest Income	100	100	28	(72)
Total Revenues	6,600	6,600	5,524	(1,076)
Expenditures				
Police	6,600	6,600	-	6,600
Total Expenditures	6,600	6,600	-	6,600
Deficiency of Revenues Under Expenditures	-	-	5,524	5,524
Net Change in Fund Balance	-	-	5,524	5,524
Fund Balance - Beginning of Year	28,835	28,835	28,835	-
Fund Balance - End of Year	$ 28,835	$ 28,835	$ 34,359	$ 5,524

CITY OF HARTWELL, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
Police Technology Fund - Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Charges for Services	$ 9,000	$ 9,000	$ 10,475	$ 1,475
Interest Income	150	150	26	(124)
Total Revenues	9,150	9,150	10,501	1,351
Expenditures				
Current				
Police	9,150	9,150	4,442	4,708
Total Expenditures	9,150	9,150	4,442	4,708
Deficiency of Revenues Under Expenditures	-	-	6,059	6,059
Net Change in Fund Balance	-	-	6,059	6,059
Fund Balance - Beginning of Year	25,051	25,051	25,051	-
Fund Balance - End of Year	$ 25,051	$ 25,051	$ 31,110	$ 6,059

CITY OF HARTWELL, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
Hotel/Motel Tax Fund - Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Taxes	$ 45,000	$ 45,000	$ 51,384	$ 6,384
Total Revenues	45,000	45,000	51,384	6,384
Expenditures				
General Government	35,300	35,300	35,300	-
Total Expenditures	35,300	35,300	35,300	-
Excess of Revenues Over Expenditures	9,700	9,700	16,084	6,384
Other Financing Sources (Uses)				
Transfers Out	(9,700)	(9,700)	(16,135)	(6,435)
Total Other Financing Sources (Uses)	(9,700)	(9,700)	(16,135)	(6,435)
Net Change in Fund Balance	-	-	(51)	(51)
Fund Balance - Beginning of Year	3,059	3,059	3,059	-
Fund Balance - End of Year	$ 3,059	$ 3,059	$ 3,008	$ (51)

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STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 59-62

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax. 63-66

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 67-71

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place. 72-73

Operating Information

These schedules contain service and infrastrucure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 74-76

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HARTWELL, GEORGIA
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	$ 3,055,529	$ 3,203,982	$ 4,001,414	$ 4,567,487	$ 5,055,924	$ 4,962,529	$ 5,065,132	$ 7,436,892	$ 7,360,265	$ 7,398,951
Restricted	-	-	-	695,661	985,549	1,610,448	1,978,997	2,194,745	2,551,243	2,526,576
Unrestricted	5,355,693	5,972,386	6,286,713	5,148,063	4,234,520	3,853,285	2,994,124	2,137,130	1,584,073	1,625,771
Total Governmental Activities Net Position	$ 8,411,222	$ 9,176,368	$ 10,288,127	$ 10,411,211	$ 10,275,993	$ 10,426,262	$ 10,038,253	$ 11,768,767	$ 11,495,581	$ 11,551,298
Business-type Activities										
Net Investment in Capital Assets	$ 9,610,111	$ 9,184,231	$ 4,588,232	$ 10,549,640	$ 11,278,329	$ 10,074,410	$ 9,740,993	$ 9,571,999	$ 9,113,907	$ 9,159,464
Restricted	850,833	980,237	7,737,719	-	-	-	-	-	-	-
Unrestricted	6,546,293	7,371,955	5,673,432	7,252,757	6,564,046	7,581,582	7,662,879	5,328,381	5,724,302	5,260,788
Total Business-type Activities Net Position	$ 17,007,237	$ 17,536,423	$ 17,999,383	$ 17,802,397	$ 17,842,375	$ 17,655,992	$ 17,403,872	$ 14,900,380	$ 14,838,209	$ 14,420,252
Primary Government										
Net Investment in Capital Assets	$ 12,665,640	$ 12,388,213	$ 8,589,646	$ 15,117,127	$ 16,334,253	$ 15,036,939	$ 14,806,125	$ 17,008,891	$ 16,474,172	$ 16,558,415
Restricted	850,833	980,237	7,737,719	695,661	985,549	1,610,448	1,978,997	2,194,745	2,551,243	2,526,576
Unrestricted	11,901,986	13,344,341	11,960,145	12,400,820	10,798,566	11,434,867	10,657,003	7,465,511	7,308,375	6,886,559
Total Primary Government Net Position	$ 25,418,459	$ 26,712,791	$ 28,287,510	$ 28,213,608	$ 28,118,368	$ 28,082,254	$ 27,442,125	$ 26,669,147	$ 26,333,790	$ 25,971,550

The City implemented *GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2012. This reporting standard changes the presentation of equity within entity wide statements and the business-type activities.

CITY OF HARTWELL, GEORGIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General Government	$ 997,541	$ 894,037	$ 865,279	$ 873,266	$ 898,696	$ 1,230,941	$ 1,521,911	$ 1,532,498	$ 1,070,394	$ 1,352,862
Police	1,340,682	1,519,679	1,670,744	1,800,722	1,786,245	1,658,160	1,695,517	1,799,643	1,856,609	1,818,754
Fire	478,194	520,952	616,580	646,481	674,342	703,824	635,738	689,435	865,136	934,997
Public Works	467,952	552,389	614,073	636,973	735,936	662,482	693,040	741,434	811,060	997,046
Housing and Development	23,537	25,548	11,788	37,727	35,593	33,522	28,711	5,470	30,065	32,573
Water and Sewer Improvements	-	-	-	-	-	-	11,843	23,790	6,420	57,549
Interest on Long-term Debt	7,921	6,036	4,090	1,740	-	-	29,890	36,594	32,812	44,202
Total Governmental Activities Expenses	3,315,827	3,518,641	3,782,554	3,996,909	4,130,812	4,288,929	4,616,650	4,828,864	4,672,496	5,237,983
Business-type Activities:										
Water & Sewer	2,235,372	2,231,255	2,317,063	2,218,238	2,197,665	2,155,553	2,045,277	2,200,994	2,194,189	2,338,801
Gas	5,182,559	4,443,267	3,559,953	3,861,201	3,059,328	3,732,654	3,551,813	2,865,340	3,333,400	3,546,447
Solid Waste	601,642	638,704	649,402	659,466	675,630	692,072	661,585	651,363	590,215	600,472
Total Business-type Activities Expenses	8,019,573	7,313,226	6,526,418	6,738,905	5,932,623	6,580,279	6,258,675	5,717,697	6,117,804	6,485,720
Total Primary Government Expenses	$ 11,335,400	$ 10,831,867	$ 10,308,972	$ 10,735,814	$ 10,063,435	$ 10,869,208	$ 10,875,325	$ 10,546,561	$ 10,790,300	$ 11,723,703
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 71,288	$ 26,690	$ 90,494	$ 112,832	$ 141,018	$ 125,353	$ 22,883	$ 134,022	$ 128,566	$ 176,944
Police	261,709	268,885	342,228	337,393	305,465	244,754	309,448	225,411	238,351	173,096
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	1,392	1,123	941	-	-	429	693	429	-	535
Housing and Development	63,719	64,692	57,063	-	-	13,290	14,790	20,179	900	17,268
Operating Grants and Contributions	-	-	-	106,668	-	11,657	71,827	9,981	-	151,621
Capital Grants and Contributions	67,245	39,687	565,270	477,065	115,204	475,760	433,203	438,949	430,147	404,780
Total Governmental Activities Program Revenues	465,353	401,077	1,055,996	1,033,958	561,687	871,243	852,844	828,971	797,964	924,244
Business-type Activities:										
Charges for Services:										
Water & Sewer	1,998,436	1,744,662	1,823,154	1,673,038	1,871,531	1,844,893	1,845,050	2,001,976	1,936,221	2,103,055
Gas	5,603,448	4,765,638	3,948,148	3,874,073	3,386,544	4,088,031	3,715,858	3,143,676	3,976,063	4,355,176
Solid Waste	666,463	709,227	720,673	715,386	742,172	753,154	744,063	749,439	706,097	704,073
Capital Grants and Contributions	2,562	285,400	150,000	-	-	-	-	50,000	-	-
Total Business-type Activities Program Revenues	8,270,909	7,504,927	6,641,975	6,262,497	6,000,247	6,686,078	6,304,971	5,945,091	6,618,381	7,162,304
Total Primary Government Program Revenues	$ 8,736,262	$ 7,906,004	$ 7,697,971	$ 7,296,455	$ 6,561,934	$ 7,557,321	$ 7,157,815	$ 6,774,062	$ 7,416,345	$ 8,086,548
Net (Expense) Revenue										
Governmental Activities	$ (2,850,474)	$ (3,117,564)	$ (2,726,558)	$ (2,962,951)	$ (3,569,125)	$ (3,417,686)	$ (3,763,806)	$ (3,999,893)	$ (3,874,532)	$ (4,313,739)
Business-type Activities	251,336	191,701	115,557	(476,408)	67,624	105,799	46,296	227,394	500,577	676,584
Total Primary Government Net (Expense)	$ (2,599,138)	$ (2,925,863)	$ (2,611,001)	$ (3,439,359)	$ (3,501,501)	$ (3,311,887)	$ (3,717,510)	$ (3,772,499)	$ (3,373,955)	$ (3,637,155)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property	$ 1,343,938	$ 1,285,759	$ 1,312,128	$ 1,327,322	$ 1,373,478	$ 1,442,445	$ 1,416,731	$ 1,388,469	$ 1,431,721	$ 1,629,856
Sales Taxes	904,121	1,078,932	1,100,307	1,058,560	909,711	671,963	634,069	576,449	547,961	588,091
Hotel/Motel	-	-	-	-	-	-	41,308	48,855	53,546	51,384
Insurance Premium Tax	-	219,608	229,075	234,563	232,362	225,609	209,615	222,646	230,529	241,035
Alcoholic Beverage Taxes	160,927	169,273	167,494	187,925	200,559	197,323	181,296	193,620	178,680	187,057
Business Occupation	401,799	479,035	602,254	548,900	530,522	518,124	553,533	516,871	505,488	525,015
Investment Earnings	97,934	177,177	200,092	76,486	25,918	16,744	14,955	14,325	11,617	9,648
Miscellaneous	-	75,050	17,882	1,476	76,743	27,599	25,947	7,136	75,433	11,448
Gain on Sale of Capital Assets	744	13,960	700	40,833	6,132	675	2,710	3,601	1,325	-
Transfers	300,000	325,000	277,500	(390,030)	56,682	156,043	283,633	2,758,436	565,045	1,125,922
Total Governmental Activities	3,209,463	3,823,794	3,907,432	3,086,035	3,412,107	3,256,525	3,363,797	5,730,408	3,601,345	4,369,456
Business-type Activities:										
Investment Earnings	273,604	471,191	592,113	167,843	29,036	15,059	10,973	7,212	5,038	2,845
Miscellaneous	-	-	-	50,779	-	16,779	8,887	4,728	10,342	18,592
Gains From Disposals	(4,192)	191,294	-	-	-	-	1,603	2,530	-	9,944
Transfers	(300,000)	(325,000)	(277,500)	390,030	(56,682)	(156,043)	(283,633)	(2,758,436)	(565,045)	(1,125,922)
Total Business-type Activities	(30,588)	337,485	314,613	608,652	(27,646)	(124,205)	(262,170)	(2,743,966)	(549,665)	(1,094,541)
Total Primary Government	$ 3,178,875	$ 4,161,279	$ 4,222,045	$ 3,694,687	$ 3,384,461	$ 3,132,320	$ 3,101,627	$ 2,986,442	$ 3,051,680	$ 3,274,915
Change in Net Position										
Governmental Activities	$ 358,989	$ 706,230	$ 1,180,874	$ 123,084	$ (157,018)	$ (161,161)	$ (400,009)	$ 1,730,515	$ (273,187)	$ 55,717
Business-type Activities	220,748	529,186	430,170	132,244	39,978	(18,406)	(215,874)	(2,516,572)	(49,088)	(417,957)
Total Primary Government	$ 579,737	$ 1,235,416	$ 1,611,044	$ 255,328	$ (117,040)	$ (179,567)	$ (615,883)	$ (786,057)	$ (322,275)	$ (362,240)

CITY OF HARTWELL, GEORGIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Unassigned	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,655,998	$ 910,272	$ 140,874	$ 214,166
Reserved	1,418	-	-	-	-	-	-	-	-	-
Unreserved	3,927,166	4,267,660	4,386,163	3,939,843	2,988,221	2,599,230	-	-	-	-
Total General Fund	$ 3,928,584	$ 4,267,660	$ 4,386,163	$ 3,939,843	$ 2,988,221	$ 2,599,230	$ 1,655,998	$ 910,272	$ 140,874	$ 214,166
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 286,223	$ 252,922	$ 218,392	$ 169,457
Restricted	-	-	-	-	-	-	1,978,997	2,194,745	2,551,243	2,526,576
Committed	-	-	-	-	-	-	898,300	899,152	924,483	944,591
Reserved for Capital Projects Funds	-	417,699	736,651	607,251	873,001	1,499,351	-	-	-	-
Reserved for Law Enforcement	-	-	55,088	88,410	112,548	111,097	-	-	-	-
Unreserved/Designated	-	1,196,699	1,141,902	1,168,975	1,182,967	1,169,957	-	-	-	-
Unreserved/Undesignated	-	-	-	-	-	(9,627)	-	-	-	-
Total All Other Governmental Funds	$ -	$ 1,614,398	$ 1,933,641	$ 1,864,636	$ 2,168,516	$ 2,770,778	$ 3,163,520	$ 3,346,819	$ 3,694,118	$ 3,640,624

The City implemented *GASB Statement 54 Fund Balance Reporting and Governmental Fund Balance Definitions* in fiscal year 2011. This reporting standard changes the presentation of fund balances in the governmental fund level financial statements.

CITY OF HARTWELL, GEORGIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Taxes	$ 1,283,451	$ 1,285,759	$ 1,288,173	$ 1,285,810	$ 1,339,807	$ 1,428,319	$ 1,332,957	$ 1,480,022	$ 1,441,189	$ 1,362,406
Sales Taxes	694,221	1,026,058	1,100,307	1,058,560	909,711	620,736	634,069	576,449	547,961	588,091
Hotel Motel Taxes	-	52,874	65,579	50,812	49,422	51,227	41,308	48,855	53,546	51,384
Business Occupation Taxes	-	-	69,771	88,195	95,501	87,045	97,020	59,318	94,585	87,937
Franchise Taxes	401,799	398,013	369,256	409,893	385,598	431,079	456,513	422,835	410,903	437,075
Insurance Premium Taxes	209,900	219,608	229,075	234,563	232,362	225,609	209,615	222,646	230,529	241,035
Beverage Tax	160,927	169,273	167,494	187,925	200,559	197,323	181,296	193,620	178,680	187,057
Licenses and Permits	70,749	151,410	57,063	34,870	30,834	25,290	25,890	31,579	25,970	29,503
Intergovernmental	67,245	120,304	638,735	557,862	126,086	503,826	460,471	455,765	437,385	565,768
Charges for Services	2,312	2,608	93,340	126,068	120,649	58,660	58,857	88,776	85,718	104,377
Fines and Forfeitures	312,773	280,400	340,323	315,158	284,118	288,994	304,761	260,803	245,246	223,081
Investment Earnings	97,394	177,177	200,092	76,486	18,742	18,742	17,820	18,373	15,263	11,163
Contributions and Donations	-	5,317	11,200	-	-	-	-	-	-	-
Miscellaneous Income	14,651	24,071	17,882	40,833	76,744	27,599	25,947	7,136	75,433	11,448
Total Revenues	3,315,422	3,912,872	4,648,290	4,467,035	3,870,133	3,964,449	3,846,524	3,866,177	3,842,408	3,900,325
Expenditures										
General Government	833,593	810,895	804,861	839,992	822,359	867,869	2,542,345	2,411,363	954,847	1,090,270
Police	1,318,127	1,439,848	1,515,538	1,701,266	1,648,041	1,595,996	1,608,116	2,710,564	1,778,801	1,671,598
Fire	462,928	468,496	541,581	635,109	908,318	693,783	626,771	628,805	781,835	1,514,532
Public Works	488,702	519,734	567,455	616,151	705,424	633,631	671,878	820,871	772,622	931,433
Housing and Development	23,130	25,016	10,849	35,528	33,435	33,354	28,628	17,063	27,996	30,254
Water and Sewer Improvements	-	-	-	-	-	-	11,843	23,790	6,420	57,549
Capital Outlay	185,470	272,845	936,052	598,932	275,288	26,000	66,367	145,056	7,753	312,328
Debt Service										
Principal	58,907	60,792	62,737	65,088	-	-	100,913	137,810	141,592	212,421
Interest	7,921	6,036	4,090	1,740	-	-	29,890	36,594	32,812	44,202
Total Expenditures	3,378,778	3,603,662	4,443,163	4,493,806	4,392,865	3,850,633	5,686,751	6,931,916	4,504,678	5,864,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,356)	309,210	205,127	(26,771)	(522,732)	113,816	(1,840,227)	(3,065,739)	(662,270)	(1,964,262)
Other Financing Sources (Uses)										
Issuance of Capital Lease	-	-	-	-	-	-	-	-	-	722,685
Issuance of Note Payable	-	-	-	-	-	-	1,500,000	-	-	-
Transfers In	300,000	429,468	505,579	374,140	485,129	324,624	354,314	2,917,504	583,842	1,454,385
Transfers Out	(125,000)	(104,468)	(290,579)	(864,170)	(623,447)	(506,181)	(579,287)	(417,792)	(344,997)	(216,135)
Capital Asset Disposal	743	-	700	1,476	6,132	675	2,710	3,601	1,325	23,125
Total Other Financing Sources (Uses)	175,743	325,000	215,700	(488,554)	(132,186)	(180,882)	1,277,737	2,503,313	240,170	1,984,060
Net Change in Fund Balances	$ 112,387	$ 634,210	$ 420,827	$ (515,325)	$ (654,918)	$ (67,066)	$ (562,490)	$ (562,426)	$ (422,100)	$ 19,798
Debt Service as a Percentage of Noncapital Expenditures	2.2%	2.0%	1.9%	1.8%	0.0%	0.0%	3.3%	4.1%	3.9%	5.5%

CITY OF HARTWELL, GEORGIA

Assessed Value and Estimated Taxable Value of
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year Ended December 31	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	$ 110,711	$ 49,638	$ 22,772	$ 137,577	9.60	$ 343,943	40%
2006	112,894	43,851	13,723	143,022	9.60	357,555	40%
2007	116,328	41,033	14,252	143,109	9.60	357,773	40%
2008	121,419	46,365	22,920	144,864	9.60	362,160	40%
2009	123,026	43,173	22,540	143,659	9.60	359,148	40%
2010	121,871	43,156	22,694	142,333	9.60	355,833	40%
2011	117,170	28,560	4,617	141,113	9.60	352,783	40%
2012	100,066	25,926	4,508	121,484	11.30	303,710	40%
2013	93,223	35,364	11,753	116,834	11.30	292,085	40%
2014	94,899	35,279	10,317	119,861	11.30	299,653	40%

Source data: Hart County, Georgia Property Tax Digest

CITY OF HARTWELL, GEORGIA
Direct and Overlapping Governments Property Tax Rates
Last Ten Fiscal Years

	Direct Rates	Overlapping Rates		
Fiscal Year	City of Hartwell Operating Millage	Hart County (A)	State of Georgia	Total Direct and Overlapping Rates
2005	9.60	17.83	0.25	27.68
2006	9.60	17.32	0.25	27.17
2007	9.60	18.25	0.25	28.10
2008	9.60	18.25	0.25	28.10
2009	9.60	18.25	0.25	28.10
2010	9.60	18.25	0.25	28.10
2011	9.60	17.20	0.25	27.05
2012	11.30	19.10	0.25	30.65
2013	11.30	19.40	0.15	30.85
2014	11.30	19.86	0.10	31.26

(A) Source Data: Hart County, Georgia

CITY OF HARTWELL, GEORGIA

Principle Property Taxpayers
December 31, 2014
(Amounts Expressed in Thousands)

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Wal-Mart	$ 5,328	1	4.4%	$ 2,773	6	2.0%
The Home Depot	2,849	3	2.4%	-	-	-
Hart Cable	2,236	4	1.9%	-	-	-
Hartwell Business Park	1,512	7	1.3%	-	-	-
Georgia Power	1,837	5	1.5%	1,306	9	0.95%
Ingles	3,581	2	3.0%	-	-	-
Milliken	1,736	6	1.4%	2,921	4	2.12%
Hartwell Industries	1,474	8	1.2%	3,815	2	2.77%
Hart Telephone	669	9	0.6%	1,831	7	1.33%
Hartwell Village	492	10	0.4%	-	-	-
Tenneco	-	-	-	19,627	1	14.3%
Springs Industries	-	-	-	3,244	3	2.4%
Wal-Mart (1)	-	-	-	2,921	5	2.1%
Hartwell Nally	-	-	-	1,586	8	1.2%
Hartwell Investors	-	-	-	1,078	10	0.8%
Totals	$ 21,714		18.1%	$ 41,102		29.9%

CITY OF HARTWELL, GEORGIA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed In Thousands)

Fiscal Year Ended December 31	Taxes Levied for the Fiscal year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 1,248	$ 844	67.6%	$ 403	$ 1,247	99.9%
2006	1,298	1,012	78.0%	284	1,296	99.8%
2007	1,395	1,278	91.6%	115	1,393	99.9%
2008	1,464	1,128	77.0%	332	1,460	99.7%
2009	1,390	1,206	86.8%	178	1,384	99.6%
2010	1,384	1,150	83.1%	214	1,364	98.6%
2011	1,355	1,037	76.5%	264	1,301	96.0%
2012	1,367	1,124	82.2%	179	1,303	95.3%
2013	1,317	1,078	81.9%	109	1,187	90.1%
2014	1,354	1,117	82.5%	-	1,117	82.5%

Source: City of Hartwell

CITY OF HARTWELL GEORGIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts Expressed in Thousands Except Per Capita Amounts)

	Governmental Acitivities			Business-type Activities					
Fiscal Year	General Obligation Bonds	Notes	Capital Leases	Water/Sewer Bonds	Notes	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2005	$ -	$ -	$ 188,617	$ 5,645,000	$ -	$ -	$ 5,833,617	3.9%	$ 212
2006	-	-	62,738	5,200,000	-	-	5,262,738	3.4%	184
2007	-	-	65,088	4,735,000	-	-	4,800,088	3.4%	163
2008	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	1,939,144	1,939,144	1.5%	65
2010	-	-	-	-	-	1,907,352	1,907,352	1.5%	63
2011	-	1,399,087	-	-	-	1,904,563	3,303,650	2.5%	110
2012	-	1,261,277	-	-	-	1,851,028	3,112,305	2.6%	117
2013	-	1,119,685	-	-	-	1,780,312	2,899,997	4.0%	177
2014	-	974,102	655,848	-	-	1,700,198	3,330,148	3.7%	203

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

See the Schedule of Demographic and Economic Statistics on page 72 for personal income and population data.

CITY OF HARTWELL, GEORGIA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	$ -	0.00%	$ -
2006	-	0.00%	-
2007	-	0.00%	-
2008	-	0.00%	-
2009	-	0.00%	-
2010	-	0.00%	-
2011	-	0.00%	-
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-

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

CITY OF HARTWELL, GEORGIA
Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit (in 000s)	$ 1,372	$ 1,425	$ 2,292	$ 14,486	$ 14,366	$ 14,233	$ 14,111	$ 12,148	$ 11,654	$ 12,028
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (in 000s)	$ 1,372	$ 1,425	$ 2,292	$ 14,486	$ 14,366	$ 14,233	$ 14,111	$ 12,148	$ 11,654	$ 12,028
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total Taxable Assessed Value	$ 120,280
Debt Limit (10% of assessed taxable value, in 000s)	12,028
Debt Applicable to Limit:	
General Obligation Bonds	-
Legal Debt Margin (in 000s)	$ 12,028

Note: The Constitution of the State of Georgia Article IX, Section V limits outstanding general obligation debt to 10% of the assessed value of all taxable property.

CITY OF HARTWELL, GEORGIA
Pledged Revenue Coverage
Last Ten Fiscal Years

	Water Revenue Bonds					
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	$ 2,221,382	$ 1,912,907	$ 308,475	$ 425,000	$ 321,670	0.41
2006	2,119,734	1,930,197	189,537	445,000	301,058	0.25
2007	1,826,154	2,008,812	(185,658)	465,000	278,808	(0.25)
2008	1,833,863	1,715,819	118,044	490,000	243,063	0.16
2009	1,889,405	1,724,743	164,662	-	-	0.00
2010	1,854,699	1,653,839	200,860	-	-	0.00
2011	1,856,461	1,529,571	326,890	-	-	0.00
2012	2,001,976	1,694,005	307,971	-	-	0.00
2013	1,936,221	1,700,921	235,300	-	-	0.00
2014	2,103,055	1,822,420	280,635	-	-	0.00

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

Operating expenses do not include depreciation, amortization, or interest.

CITY OF HARTWELL, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of December 31, 2014

Governmental Unit	Debt* Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Hart County	$ -	4.54%	$ -
Subtotal Overlapping Debt			-
City of Hartwell Direct Debt			3,330,148
Total Direct and Overlapping Debt			$ 3,330,148

Sources: Associate County Clerk of Hart County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Hartwell. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Hart County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

* Does not include notes payable by the Joint Development Authority of Franklin, Hart, and Stephens Counties.

CITY OF HARTWELL, GEORGIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	Unemployment Rate
2005	5,200	148,616,000	$ 28,580	36.1	3.5%
2006	5,230	153,955,510	29,437	34.0	4.8%
2007	4,342	142,560,886	32,833	39.2	6.8%
2008	4,342	129,209,236	29,758	43.4	9.2%
2009	4,298	126,625,051	30,716	42.3	15.0%
2010	4,131	128,904,302	30,160	42.7	13.2%
2011	4,469	134,047,655	29,995	42.7	10.9%
2012	4,485	119,085,720	26,552	42.4	10.6%
2013	4,469	73,161,999	16,371	42.4	10.9%
2014	4,482	90,213,696	20,128	45.6	7.8%

Data Sources: Sperling's Best Places List
Georgia Department of Industry and Trade
Georgia Department of Labor

CITY OF HARTWELL, GEORGIA
Principal Employers
Current and Seven Years Ago

	2014			2007**		
Employer	Employees	Rank	Percentage Of Total Hart County* Employment	Employees	Rank	Percentage Of Total Hart County* Employment
Tenneco	704	1	7.4%	385	1	5.5%
Wal*Mart	232	2	2.4%	280	2	4.0%
Ingles	129	3	1.4%	-	-	-
Hart Care Center	120	4	1.3%	-	-	-
Hart EMC	104	5	1.1%	-	-	-
Milliken	95	6	1.0%	110	3	1.6%
City of Hartwell	91	7	1.0%	99	5	1.4%
Totals	1,475		15.5%	874		12.4%

Source: Georgia Department of Labor

* The Georgia Department of Labor is unable to provide employment totals for the City alone.

** Principal employer numbers for Hart County unavailable for periods prior to 2007.

CITY OF HARTWELL, GEORGIA
Number of City Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	8	10	9	8	8	9	9	9	9	9
Police	30	32	29	27	27	26	26	27	24	26
Fire	7	7	8	10	10	8	7	8	8	9
Planning and Development	2	2	2	2	1	2	1	1	1	1
Public Works*	44	46	44	38	37	36	36	35	34	40
Sanitation	7	7	7	7	7	7	7	7	7	6
Total	98	104	99	92	90	88	86	87	83	91

* Public Works employee totals include the street, water/sewer, and gas departments.

Source: City of Hartwell, Georgia

CITY OF HARTWELL, GEORGIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical Arrests	365	322	853	805	611	613	603	493	489	338
Parking Violations	102	-	-	-	-	-	-	-	-	-
Traffic Violations	1,557	1,682	2,439	2,542	1,868	1,500	1,944	1,269	1,129	914
Housing and Development										
Building Permits Issued	70	145	155	261	208	210	220	92	223	232
Sanitation										
Number of Customers	2,030	2,046	2,023	2,023	2,039	2,048	2,039	2,031	2,041	2,019

Source: City of Hartwell, Georgia

CITY OF HARTWELL, GEORGIA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	22	23	24	26	26	22	23	22	23	20
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks/Vehicles	*	*	*	*	*	4	5	5	5	5
Public works										
Miles of Streets	42	42	42	42	42	42	42	49	49	49
Traffic Signals	10	11	11	11	11	11	11	11	11	10
Street Lights	*	*	*	*	*	916	919	919	919	919
Sanitation										
Collection Vehicles	4	4	4	5	5	3	4	4	4	4
Water/Sewer										
Miles of Water Mains	*	*	*	*	*	65	65	84.7	84.7	84.7
Fire Hydrants	*	*	*	*	*	383	402	403	403	403
Max Daily Water Treatment	*	*	*	*	*	4.5 mgd	4.5 mgd	4.5mgd	4.5mgd	4.5 mgd
Miles of Sanitary Sewer	*	*	*	*	*	60	60	70	70	70
Feet of Storm Sewer	*	*	*	*	*	17,568	17,568	17,568	17,568	17,568
Max Daily Wastewater Treatment	*	*	*	*	*	1.75 mgd	1.75 mgd	1.75 mgd	1.75 mgd	1.75 mgd

Source: City of Hartwell, Georgia

* Information Not Available

COMPLIANCE SECTION

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LLOYD WILLIAMSON
CHRISTIAN HATCH

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 Honorable Mayor and Council
City of Hartwell, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartwell, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Hartwell, Georgia's basic financial statements and have issued our report thereon dated May 31, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hartwell, Georgia's internal control over financial reporting 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 Hartwell, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hartwell, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Management Letter

We noted certain matters that we reported to management of the City of Hartwell, Georgia, in a separate letter dated May 31, 2015.

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.

Williamson and Company

Williamson and Company
Certified Public Accountants
May 31, 2015

CITY OF HARTWELL, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2014

2000 SPLOST II

Project Description	Estimated Costs		Actual Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer Improvements	$ 600,134	$ 600,134	$ 338,827	$ -	$ 338,827
Total	$ 600,134	$ 600,134	$ 338,827	$ -	$ 338,827

2005 SPLOST III

Project Description	Estimated Costs		Actual Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer Improvements	$ 2,246,400	$ 2,246,400	$ 1,319,339	$ 324,379	$ 1,643,718
Road Projects	120,000	120,000	-	-	-
Total	$ 2,366,400	$ 2,366,400	$ 1,319,339	$ 324,379	$ 1,643,718

Per the 2005 Hart County Intergovernmental Agreement, SPLOST proceeds collected in excess of $2,366,400 are to be allocated to City water or sewer improvements.

2010 SPLOST IV

Project Description	Estimated Costs		Actual Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer Improvements	$ 2,246,400	$ 2,246,400	$ -	$ 45,498	$ 45,498
Road Projects	120,000	120,000	-	71,152	71,152
Total	$ 2,366,400	$ 2,366,400	$ -	$ 116,650	$ 116,650

Per the 2010 Hart County Intergovernmental Agreement, SPLOST proceeds collected in excess of $2,366,400 are to be allocated to City water or sewer improvements.

These SPLOST schedules have been prepared on the accrual basis on accounting.