

CITY OF HARTWELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

CITY MANAGER
DAVID ALDRICH

FINANCE OFFICER
JOAN HUGHES

456 EAST HOWELL STREET, HARTWELL, GEORGIA 30643

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CITY OF HARTWELL, GEORGIA
Comprehensive Annual Financial Report
Year Ended December 31, 2015

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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, 2015.

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 unmodified ("clean") opinion on the financial statements for the year ended December 31, 2015. 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 water, sewer, gas and solid waste services. 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 fiscal 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 started to see evidence of the economic recovery. This is a welcome trend. We have worked with several developers during FY 2015 and have projects on line for construction in FY 2016. Residential construction is still slow but the number of closings on the sale of single-family houses has been on the rise and the once huge inventory has now declined to a more historically normal level. The City believes this was the first step in the process to seeing renewed interest in residential construction.

The median household income within the City of Hartwell was $36,473 and the median income for a family was $62,603. The per capita income for the City was $19,124. About 14.9% of families and 24.2% the population were below poverty line including 22.9% under age 18 and 13.6% of these ages 65 or over.

Long-term Financial Planning and Major Initiatives

The City has been working with Break Point Consulting to try to obtain a long-term lease from the United States Corps of Engineers on a 143 acre tract of land which is currently leased to the State of Georgia and named Hart State Park. The State closed this park, along with many others, during the depth of the recession. The State has stated they are not interested in reopening this park and would be willing to relinquish their lease if the City and COE were to come to a mutual agreement for a lease. The City of Hartwell is interested in obtaining a lease and then sub-leasing portions of the park to specific developers who are experienced in developing and operation recreational areas.

The City is continuing to work with AnMed Medical Group and Oakview Crossing developers to develop a 46 acre project which would have a medical facility and a 100 unit senior living complex.

The City of Hartwell has been awarded a $1,000,000 GEFA Loan to make improvements at the Waste Water Treatment Plant. This project has been placed out to bid and construction completion should be in late 2016.

The City of Hartwell has also been awarded a $4,000,000 GEFA Loan for improvements to the drinking Water Treatment Plant. This project is still undergoing design and it is anticipated that it will be placed out to bid in 2016 with substantial construction completion in 2017.

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, 2014. This was the 11th 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 and Administration Departments. 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

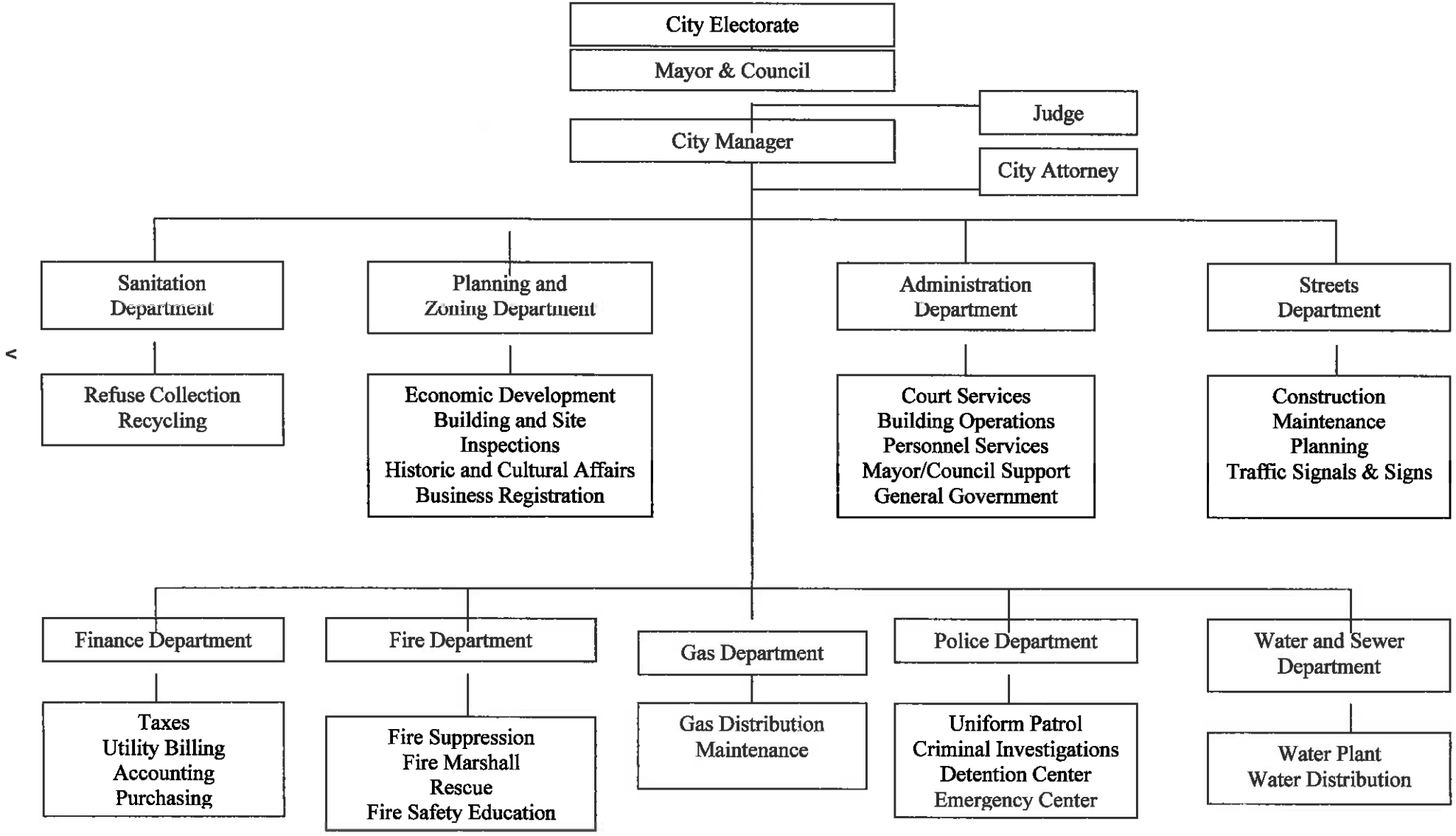
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF HARTWELL, GEORGIA
Organizational Chart
2015



CITY OF HARTWELL, GEORGIA
List of Elected and Appointed Officials
December 31, 2015

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	Warren Caswell

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

The Honorable Mayor and Council
City of Hartwell
Hartwell, Georgia

Report on 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Hartwell, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartwell, Georgia, as of December 31, 2015, 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 accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 20 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–14 and the Schedule of Changes in Net Pension Liability and Related Ratios on page 50 and the Schedule of Contributions – Pension Plan on page 51 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 and individual fund statements and the Schedule of Local Option Sales Tax Expenditures on pages 55-61 and 87 respectively, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements 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 June 16, 2016, 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 the City of Hartwell, tate Georgia's internal control over financial reporting and compliance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, 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
June 16, 2016

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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, 2015 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 net position at the end of 2015 was $23,950,879. This amount includes $17,003,911 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $2,180,476 and unrestricted net position of $4,766,492 which may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City's total net position decreased by $517,098 (2.1%) to $23,950,879. The net position for governmental activities decreased by $569,534 and business-type net position increased by $52,436.

- As of the close of the current fiscal year, the City of Hartwell's governmental funds reported combined ending fund balances of $3,227,036, a decrease of $627,754 from the prior year amount. Almost 20% of the total is committed for future local economic development and tourism promotion.

- The business-type activities, excluding transfers, had revenues of $6,256,096 while expenses, excluding transfers, were $5,741,262.

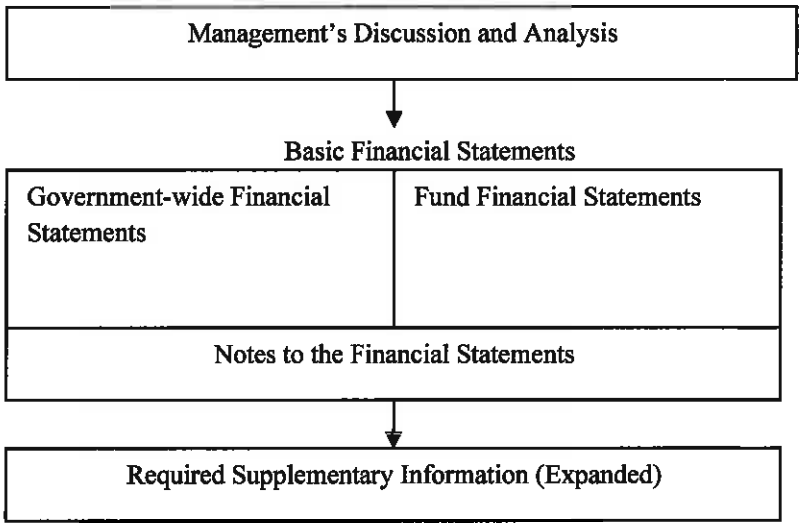
- The General Fund, which is the City's primary operating fund, reported a decrease in fund balance of $58,468 (27.3%) in fiscal year 2015.

- The City's capital assets, net of accumulated depreciation, (Note 6) at December 31, 2015 totaled $20,116,425.

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 provide an overall picture of the City's financial standing, split between governmental activities and business-type activities. 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 after adjusting for deferred inflows and outflows, 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 $517,098 (2.1%) in fiscal year 2015. The net position of the governmental activities of the City decreased by $569,534 while the business-type activities increased by $52,436. The City's total assets decreased by $792,408 (2.6%), to $29,481,690. Of the City's $23,950,879 in net position, $17,003,911 is invested in capital assets, net of related debt and accumulated depreciation.

For more detailed information, see the Statement of Net Position on page 17 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
	2015	2014	2015	2014	2015	2014	2015-2014
Assets							
Current and Other Assets	$ 3,967	$ 4,496	$ 5,399	$ 5,889	$ 9,366	$ 10,385	-9.8%
Capital Assets	8,962	9,029	11,154	10,860	20,116	19,889	1.1%
Total Assets	12,929	13,525	16,553	16,749	29,482	30,274	-2.6%
Deferred Outflows of Resources							
Pension Contributions	106	-	68	-	174	-	N/A
Total Deferred Outflows of Resources	106	-	68	-	174	-	N/A
Liabilities							
Current and Other Liabilities	224	126	427	571	651	697	-6.6%
Long-term Debt Outstanding	2,697	1,848	2,284	1,757	4,981	3,605	38.2%
Total Liabilities	2,921	1,974	2,711	2,328	5,632	4,302	30.9%
Deferred Inflows of Resources							
Changes in Pension Plan	45	-	29	-	74	-	N/A
Total Deferred Inflows of Resources	45	-	29	-	74	-	N/A
Net Position							
Invested in Capital Assets, Net of Related Debt	7,459	7,399	9,545	9,159	17,004	16,558	2.7%
Restricted	2,181	2,526	-	-	2,181	2,526	-13.7%
Unrestricted	429	1,626	4,337	5,261	4,766	6,887	-30.8%
Total Net Position	$ 10,069	$ 11,551	$ 13,882	$ 14,420	$ 23,951	$ 25,971	-7.8%

CHANGES IN NET POSITION

The City's total revenues decreased by $611,064 (5.8%) in the 2015 fiscal year compared to the previous year. The decrease in revenues can be attributed to the decreased cost of natural gas that is passed to the consumer through lower rates. Total City expenses decreased by $456,206 (3.9%) from prior year. The decrease was a result of the decrease in the average cost of natural gas compared with 2014 averages.

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

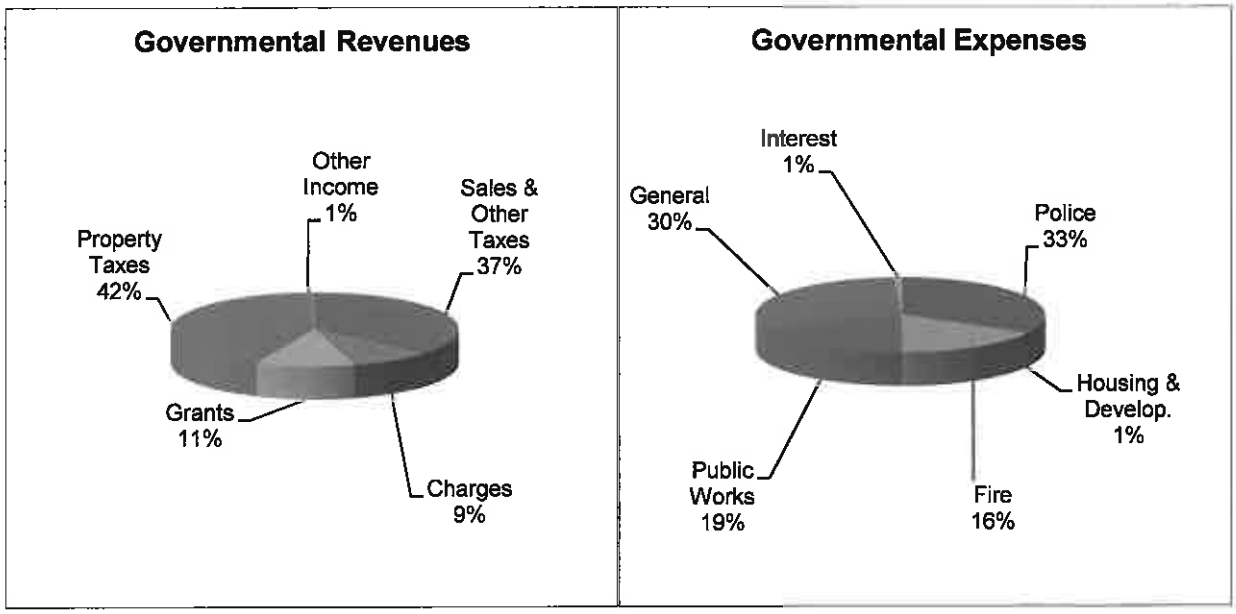
Table 2
Changes in Net Position
(In Thousands, 000s)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2015	2014	2015	2014	2015	2014	2015-2014
Revenues							
Program Revenues							
Charges for Services	$ 414	$ 368	$ 6,232	$ 7,162	$ 6,646	$ 7,530	-11.7%
Operating Grants and Contributions	94	152	-	-	94	152	-38.2%
Capital Grants and Contributions	395	405	-	-	395	405	-2.5%
General Revenues							
Property Taxes	1,889	1,630		-	1,889	1,630	15.9%
Local Option Sales Tax	574	588		-	574	588	-2.4%
Other Taxes	1,064	1,004		-	1,064	1,004	6.0%
Investment Income	12	10	4	3	16	13	23.1%
Other Revenues	52	11	20	29	72	40	80.0%
Total Revenues	4,494	4,168	6,256	7,194	10,750	11,362	-5.4%
Expenses							
General Government	1,677	1,353		-	1,677	1,353	23.9%
Public Safety	2,720	2,753		-	2,720	2,753	-1.2%
Public Works	965	997		-	965	997	-3.2%
Housing and Development	36	33		-	36	33	9.1%
Interest on Long-Term Debt	43	44		-	43	44	-2.3%
Water and Sewer	85	58	2,274	2,339	2,359	2,397	-1.6%
Gas	-	-	2,835	3,546	2,835	3,546	-20.1%
Solid Waste	-	-	632	600	632	600	5.3%
Total Expenses	5,526	5,238	5,741	6,485	11,267	11,723	-3.9%
Excess (Deficiency) Before Transfers	(1,032)	(1,070)	515	709	(517)	(361)	43.2%
Transfers	462	1,126	(462)	(1,126)	-	-	-
Increase (Decrease) In Net Position	$ (570)	$ 56	$ 53	$ (417)	$ (517)	$ (361)	43.2%

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities in fiscal year 2015 was $5,526,235, while revenues received were $4,494,303. After transfers, the decrease in net position was $569,534 compared to a $362,240 decrease in the prior year. See pages 18 and 19 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 2015



Revenue Impacts:

- Property tax revenues, which provide 37.5% of governmental revenues, increased by $258,930 from the previous fiscal year due to the additional taxes collected from the finalized 2009-2011 tax digest. The City assessed 11.3 mils for fiscal year 2015, which generated $1,888,786 in property tax revenue for general operations and capital expenditures.

- Local option sales tax collections, used for general operating purposes, decreased by $14,437. Special local option sales tax collections, used for water and sewer system improvements, and City road improvements, totaled $393,275, an decrease of $10,989 from the prior year.

- Revenues from all grants and contributions decreased by $67,500 over the prior year.

Expense Impacts

- General government expenses increased by $324,424 compared to the prior year due to increased spending in the Economic Development Special Revenue Fund and increased costs pertaining to the Self Insurance Fund.
- Public safety expenses decreased by $33,683.
- Public works expenses decreased by $32,364.
- 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	
	2015	2014	2015	2014	2015	2014
Water and Sewer	$ 2,107	$ 2,103	$ 2,274	$ 2,339	$ (167)	$ (236)
Gas	3,430	4,355	2,835	3,546	595	809
Solid Waste	695	704	632	600	63	104
Total	$ 6,232	$ 7,162	$ 5,741	$ 6,485	$ 491	$ 677

Total program revenues for business-type activities for the fiscal year 2015 were $6,231,823 a $930,481 decrease compared to the prior year. Expenses were $5,741,262 in 2015, $744,458 less than the prior year. Activities for individual enterprise funds are summarized below.

- Water & Sewer program revenues increased by $4,166 while operating expenses decreased by $64,609 from the prior year. The increase in revenues resulted from a rise in consumption for the water and sewer comparable with 2014, and system improvements that reduced lost water. Less repair costs in 2015 helped lower expenses.

- Gas program revenues decreased by $925,554 and expenses decreased by $710,966. The revenues and expenses within the fund are contingent upon the price of natural gas on the open market, which was lower on average than 2014. 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 $9,093 from the prior year. Expenses increased by $31,117. The increase in the expenses of the fund is the result of an increase in the cost of disposal and more equipment repairs than normal.

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 12/31/2014	Sources	Uses	Sources Over (Under) Uses	Fund Balances 12/31/2015
General Fund	$ 214,166	$ 5,249,699	$ (5,308,167)	$ (58,468)	$ 155,698
Capital Projects Fund	2,461,107	394,730	(822,426)	(427,696)	2,033,411
Other Governmental Funds	1,179,517	128,995	(270,585)	(141,590)	1,037,927
Total	$ 3,854,790	$ 5,773,424	$ (6,401,178)	$ (627,754)	$ 3,227,036

At December 31, 2015 the governmental funds reported a combined fund balance of $3,227,036 (see statement on page 20), which is a decrease of $627,754.

General Fund
The fund balance of the General Fund decreased by $58,468. Revenues increased and expenditures decreased from prior year, however the increased transfers out to the Self Insurance internal service negated the operating transfers in from the enterprise funds.

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 $393,275.

Other Governmental Funds
Other Governmental Funds are made up of various special revenue funds of the City. Total revenues for fiscal year 2015 were $128,995, and expenditures excluding transfers out were $224,932, both increases from the prior year. Special revenue funds are committed funds and are expended as the need arises.

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 25 of the financial statements.

In 2015 the City was over budget in the Police Department by $389 and the Public Works Department by $75,924. The debt service of the General Fund was also over budget by $92,175. Budget amendments were passed during the year to account for unexpected changes in the General Fund's revenue and expense stream. Going forward, we will make every effort to ensure budget amendments are enough to eliminate end of the year budget variances.

The City's original General Fund budget, approved by the City Council in December, 2014, was based on expected revenues of $3,628,500 and transfers in of $1,061,065. At year-end, actual revenues totaled $3,949,925 which was $227,064, over 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, 2015 amounted to $20,116,425. This investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. In 2015, capital assets, net of accumulated depreciation increased by $227,862 from the previous period. For more detailed information concerning capital assets see pages 38 and 39 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
	2015	2014	2015	2014	2015	2014	2015-2014
Land	$ 1,853	$ 1,853	$ 598	$ 598	$ 2,451	$ 2,451	0.0%
Construction In Progress	-	-	610	-	610	-	N/A
Buildings and Structures	4,384	4,477	45	40	4,429	4,517	-1.9%
Utility Systems	-	-	7,501	7,707	7,501	7,707	-2.7%
Infrastructure	1,316	1,349	-	-	1,316	1,349	-2.4%
Machinery and Equipment	1,409	1,350	2,400	2,515	3,809	3,865	-1.4%
Total	$ 8,962	$ 9,029	$ 11,154	$ 10,860	$ 20,116	$ 19,889	1.1%

This year's major capital asset additions included:

Governmental Activities:

- Two Chevy Impalas for the Police Department - $45,394
- John Deere 410 Backhoe for Street Department- $96,992
- New Server for Administration - $11,237

Business-type Activities:

- Gas Fund – Bare Steel Distribution Project – $167,296
- Water & Sewer Fund – Johnny Street Improvements- $343,308
- Water & Sewer Fund – Tiger Cat Mower - $7,100
- Sanitation Fund – Vertical Baler - $6,730

LONG-TERM DEBT

As of December 31, 2015, the City had $3,110,567 in debt outstanding. This is a decrease of $219,581 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 40-43 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 $12,276,000. The City has no general obligation debt.

Table 7
Outstanding Debt at December 31, 2015
(In Thousands, 000s)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Compensated Absences	$ 253	$ 218	$ 65	$ 57	$ 318	$ 275
Note Payable	825	974	-	-	825	974
Capital Leases	678	656	1,608	1,700	2,286	2,356
Net Pension Liability	941	1,015	609	658	1,550	1,673
Total	$ 2,697	$ 2,863	$ 2,282	$ 2,415	$ 4,979	$ 5,278

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The financial performance for the City of Hartwell can be measured by our expand services and ability to maintain capital investment schedules during the challenging economic times from the past few fiscal periods. 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 2016 is about the same as 2015. 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 2016.

The Mayor and City Council approved a 2.0% increase in both the water and sewer rates for fiscal 2016 in order to keep up with the increased cost of maintaining the City's water and sewer system. The City is also expecting a 5.3% increase in water consumption and a 7.8% increase in sewer use for the year ending December 31, 2016 which will assist the City with future system expansion and improvements as the needs arise.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Hartwell DDA
Assets				
Cash And Cash Equivalents	$ 876,848	$ 2,200,649	$ 3,077,497	$ 42,089
Receivables, Net	2,579,853	1,426,613	4,006,466	14,250
Inventories	-	317,542	317,542	-
Internal Balances	(1,453,831)	1,453,831	-	-
Restricted Cash	1,963,760	-	1,963,760	-
Capital Assets:				
Land And Construction in Progress	1,852,935	1,208,247	3,061,182	-
Other Capital Assets, Net	7,109,010	9,946,233	17,055,243	36,067
Total Capital Assets	8,961,945	11,154,480	20,116,425	36,067
Total Assets	12,928,575	16,553,115	29,481,690	92,406
Deferred Outflows of Resources				
Pension Contributions	106,398	68,910	175,308	-
Total Deferred Outflows of Resources	106,398	68,910	175,308	-
Total Assets and Deferred Outflows of Resources	13,034,973	16,622,025	29,656,998	92,406
Liabilities				
Accounts Payable	166,081	286,445	452,526	110
Salaries And Wages Payable	57,642	28,871	86,513	2,449
Customer Deposits	-	111,618	111,618	-
Long-term Liabilities:				
Due Within One Year	359,529	165,658	525,187	3,446
Due In More Than One Year	2,337,286	2,118,477	4,455,763	22,972
Total Liabilities	2,920,538	2,711,069	5,631,607	28,977
Deferred Inflows of Resources				
Changes in Pension Plan	45,220	29,292	74,512	-
Total Deferred Inflows of Resources	45,220	29,292	74,512	-
Net Position				
Net Investment In Capital Assets	7,459,415	9,544,496	17,003,911	9,649
Restricted				
Construction	2,116,465	-	2,116,465	-
Law Enforcement	64,011	-	64,011	-
Unrestricted	429,324	4,337,168	4,766,492	53,780
Total Net Position	$ 10,069,215	$ 13,881,664	$ 23,950,879	$ 63,429

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

CITY OF HARTWELL, GEORGIA
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 1,677,106	$ 186,064	$ -	$ -
Public Safety				
Police	1,814,398	209,411	94,157	-
Fire	905,670	-	-	1,505
Public Works	965,412	561	-	54,052
Housing and Development	35,597	18,441	-	-
Water and Sewer Improvements	85,190	-	-	339,187
Interest on Long-term Debt	42,862	-	-	-
Total Governmental Activities	5,526,235	414,477	94,157	394,744
Business-type Activities				
Water and Sewer	2,274,192	2,107,221	-	-
Gas	2,835,481	3,429,622	-	-
Solid Waste	631,589	694,980	-	-
Total Business-type Activities	5,741,262	6,231,823	-	-
Total Primary Government	$ 11,267,497	$ 6,646,300	$ 94,157	$ 394,744
Component Unit				
Hartwell Downtown Development Authority	$ 102,552	$ 22,780	$ 62,964	$ -

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

CITY OF HARTWELL, GEORGIA
Statement of Activities
For the Year Ended December 31, 2015

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	$ (1,491,042)	$	$ (1,491,042)	$
Public Safety				
Police	(1,510,830)		(1,510,830)	
Fire	(904,165)		(904,165)	
Public Works	(910,799)		(910,799)	
Housing and Development	(17,156)		(17,156)	
Water and Sewer Improvements	253,997		253,997	
Interest on Long-term Debt	(42,862)		(42,862)	
Total Governmental Activities	(4,622,857)		(4,622,857)	
Business-type Activities				
Water and Sewer		(166,971)	(166,971)	
Gas		594,141	594,141	
Solid Waste		63,391	63,391	
Total Business-type Activities		490,561	490,561	
Total Primary Government			(4,132,296)	
Component Unit				
Hartwell Downtown Development Authority				(16,808)
General Revenues:				
Taxes:				
Property	1,888,786	-	1,888,786	-
Sales and Use	573,654	-	573,654	-
Hotel/Motel	82,988	-	82,988	-
Business Occupation	41,300	-	41,300	-
Insurance Premium	257,506	-	257,506	-
Beverage	205,748	-	205,748	-
Franchise	447,609	-	447,609	-
Financial Institution	29,548	-	29,548	-
Investment Earnings	11,931	3,663	15,594	-
Miscellaneous	18,523	12,734	31,257	10,583
Gain From Asset Disposal	33,332	7,876	41,208	-
Transfers	462,398	(462,398)	-	-
Total General Revenues and Transfers	4,053,323	(438,125)	3,615,198	10,583
Change in Net Position	(569,534)	52,436	(517,098)	(6,225)
Net Position - Beginning, Restated	10,638,749	13,829,228	24,467,977	69,654
Net Position - Ending	$ 10,069,215	$ 13,881,664	$ 23,950,879	$ 63,429

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

CITY OF HARTWELL, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2015

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 217,666	$ -	$ 630,050	$ 847,716
Receivables, Net				
Accounts	32,393	-	-	32,393
Taxes	1,986,878	-	5,043	1,991,921
Loans	-	-	338,823	338,823
Intergovernmental	-	216,716	-	216,716
Cash - Restricted	-	1,899,749	64,011	1,963,760
Total Assets	2,236,937	2,116,465	1,037,927	5,391,329
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	83,027	83,054	-	166,081
Salaries and Wages Payable	57,642	-	-	57,642
Due to Other Funds	1,453,830	-	-	1,453,830
Total Liabilities	1,594,499	83,054	-	1,677,553
Deferred Inflows of Resources				
Unavailable Revenue	486,740	-	-	486,740
Total Deferred Inflows of Resources	486,740	-	-	486,740
Fund Balances				
Nonspendable				
Notes Receivable	-	-	334,823	334,823
Restricted				
Capital Projects	-	2,033,411	-	2,033,411
Law Enforcement	-	-	64,011	64,011
Committed				
Economic Development	-	-	634,050	634,050
Tourism Promotion	-	-	5,043	5,043
Unassigned, Reported In				
General Fund	155,698	-	-	155,698
Total Fund Balances	155,698	2,033,411	1,037,927	3,227,036
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,236,937	$ 2,116,465	$ 1,037,927	$ 5,391,329

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, 2015

Fund Balances - Total Governmental Funds		$ 3,227,036
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	14,681,516	
Less Accumulated Depreciation	(5,719,571)	8,961,945
Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities.		486,740
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.		29,131
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.		106,398
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet presented as a deferred inflow of resources on the Statement of Net Position.		(45,220)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Note Payable	(824,515)	
Capital Lease Payable	(678,014)	
Compensated Absences	(253,123)	
Net Pension Liability	(941,163)	(2,696,815)
Net Position of Governmental Activities		$ 10,069,215

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, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 3,452,599	$ -	$ 82,988	$ 3,535,587
Licenses and Permits	18,441	-	-	18,441
Intergovernmental	134,492	393,275	7,990	535,757
Fines and Forfeitures	184,593	-	8,995	193,588
Charges for Services	144,006	-	15,823	159,829
Interest Income	1,213	1,455	9,266	11,934
Miscellaneous Income	14,583	-	3,933	18,516
Total Revenues	3,949,927	394,730	128,995	4,473,652
Expenditures				
Current				
General Government	953,554	-	190,601	1,144,155
Public Safety				
Police	1,736,107	-	26,675	1,762,782
Fire	813,844	-	-	813,844
Public Works	955,709	73,839	-	1,029,548
Housing and Development	33,278	-	-	33,278
Water and Sewer Improvements	-	85,190	-	85,190
Debt Service				
Principal	224,313	-	-	224,313
Interest	42,862	-	-	42,862
Capital Outlay				
Police	-	-	7,656	7,656
Water and Sewer Improvements	-	663,397	-	663,397
Total Expenditures	4,759,667	822,426	224,932	5,807,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(809,740)	(427,696)	(95,937)	(1,333,373)
Other Financing Sources (Uses)				
Capital Lease Issuance	96,992	-	-	96,992
Proceeds From Sale of Capital Assets	31,332	-	-	31,332
Transfers - In	1,171,448	-	-	1,171,448
Transfers - Out	(548,500)	-	(45,653)	(594,153)
Total Other Financing Sources (Uses)	751,272	-	(45,653)	705,619
Net Change in Fund Balances	(58,468)	(427,696)	(141,590)	(627,754)
Fund Balance - Beginning of Year	214,166	2,461,107	1,179,517	3,854,790
Fund Balance - End of Year	$ 155,698	$ 2,033,411	$ 1,037,927	3,227,036

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, 2015

Net Change in Fund Balances - Total Governmental Funds		$ (627,754)
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	947,537	
Less Current Year Depreciation	(287,267)	660,270
Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities.		23,287
Transfer of Capital Assets to a Proprietary Fund		(663,397)
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	(96,992)	
Repayment of Principal	224,312	127,320
Governmental funds report monthly pension plan premiums as current period expenditures while governmental activities record a portion of those payments as deferred outflow or resources.		3,709
Changes in the value of the pension plan are not reflected in the governmental funds, however they are accounted for in the governmental activities.		(110,032)
Change in the deferred inflows of resources associated with the pension plan are not reflected in the governmental funds, but are presented in the governmental activities.		(45,220)
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 Net Pension Liability	74,074	
Net Change in Long-term Compensated Absences	(35,539)	38,535
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.		23,748
Change in Net Position of Governmental Activities		$ (569,534)

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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Taxes	$ 3,233,000	$ 3,252,992	$ 3,452,599	$ 199,607
Licenses and Permits	33,500	33,500	18,441	(15,059)
Intergovernmental	11,000	72,671	134,492	61,821
Fines and Forfeitures	155,000	167,698	184,593	16,895
Charges for Services	180,000	180,000	144,006	(35,994)
Miscellaneous Income	15,000	15,000	14,583	(417)
Interest Income	1,000	1,000	1,213	213
Total Revenues	3,628,500	3,722,861	3,949,927	227,066
Expenditures				
Current				
General Government	977,485	1,014,918	953,554	61,364
Public Safety				
Police	1,723,020	1,735,718	1,736,107	(389)
Fire	932,770	932,770	813,844	118,926
Public Works	835,555	879,785	955,709	(75,924)
Housing and Development	46,235	46,235	33,278	12,957
Debt Service				
Principal	140,000	140,000	224,313	(84,313)
Interest	35,000	35,000	42,862	(7,862)
Total Expenditures	4,690,065	4,784,426	4,759,667	24,759
Deficiency of Revenues Under Expenditures	(1,061,565)	(1,061,565)	(809,740)	251,825
Other Financing Sources (Uses)				
Capital Lease Issuance	-	-	96,992	96,992
Proceeds From Sale of Capital Assets	500	500	31,332	30,832
Transfers - In	1,061,065	1,061,065	1,171,448	110,383
Transfers - Out	-	-	(548,500)	(548,500)
Total Other Financing Sources (Uses)	1,061,565	1,061,565	751,272	(310,293)
Net Change in Fund Balance	-	-	(58,468)	(58,468)
Fund Balance - Beginning of Year	214,166	214,166	214,166	-
Fund Balance - End of Year	$ 214,166	$ 214,166	$ 155,698	$ (58,468)

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

CITY OF HARTWELL, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Assets					
Current Assets					
Cash and Cash Equivalents	$ 618,243	$ 1,320,311	$ 262,095	$ 2,200,649	$ 29,132
Receivables, Net	430,612	834,317	161,684	1,426,613	-
Inventories	135,538	179,686	2,318	317,542	-
Due From Other Funds	963,374	88,907	401,550	1,453,831	-
Total Current Assets	2,147,767	2,423,221	827,647	5,398,635	29,132
Noncurrent Assets					
Capital Assets					
Land and Improvements	581,589	16,199	-	597,788	-
Construction in Progress	610,459	-	-	610,459	-
Distribution and Collection Systems	19,061,807	6,553,504	-	25,615,311	-
Buildings	1,177,247	143,700	-	1,320,947	-
Equipment	2,505,524	1,715,876	559,688	4,781,088	-
Less Accumulated Depreciation	(16,703,357)	(4,577,849)	(489,907)	(21,771,113)	-
Total Noncurrent Assets	7,233,269	3,851,430	69,781	11,154,480	-
Total Assets	9,381,036	6,274,651	897,428	16,553,115	29,132
Deferred Outflows of Resources					
Pension Contributions	31,899	21,061	15,950	68,910	-
Total Deferred Outflows of Resources	31,899	21,061	15,950	68,910	-
Total Assets and Deferred Outflows of Resources	9,412,935	6,295,712	913,378	16,622,025	29,132
Liabilities					
Current Liabilities					
Accounts Payable	23,077	220,946	42,422	286,445	-
Salaries and Wages Payable	13,478	11,152	4,241	28,871	-
Customer Deposits	56,420	55,198	-	111,618	-
Capital Leases	50,531	50,531	-	101,062	-
Compensated Absences	36,384	22,371	5,841	64,596	-
Total Currrent Liabilities	179,890	360,198	52,504	592,592	-
Noncurrent Liabilities					
Net Pension Liability	282,167	186,304	141,084	609,555	-
Capital Leases	754,461	754,461	-	1,508,922	-
Total Noncurrrent Liabilities	1,036,628	940,765	141,084	2,118,477	-
Total Liabilities	1,216,518	1,300,963	193,588	2,711,069	-
Deferred Inflows of Resources					
Changes in Pension Plan	13,557	8,952	6,783	29,292	-
Total Deferred Inflows of Resources	13,557	8,952	6,783	29,292	-
Net Position					
Net Investment in Capital Assets	6,428,277	3,046,438	69,781	9,544,496	-
Unrestricted	1,754,583	1,939,359	643,226	4,337,168	29,132
Total Net Position	$ 8,182,860	$ 4,985,797	$ 713,007	$ 13,881,664	$ 29,132

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, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Operating Revenues					
Charges for Services	$ 2,107,221	$ 3,429,622	$ 694,980	$ 6,231,823	$ 642,539
Miscellaneous	4,360	226	8,148	12,734	-
Total Operating Revenues	2,111,581	3,429,848	703,128	6,244,557	642,539
Operating Expenses					
Costs of Sales and Services	1,204,271	2,321,785	513,929	4,039,985	1,167,291
Professional Fees	70,346	23,172	4,616	98,134	-
Utilities	330,309	10,752	1,339	342,400	-
Repairs and Maintenance	102,303	76,742	39,053	218,098	-
Other Supplies and Expenses	136,523	94,249	57,370	288,142	-
Depreciation	383,386	261,727	15,282	660,395	-
Total Operating Expenses	2,227,138	2,788,427	631,589	5,647,154	1,167,291
Operating Income (Loss)	(115,557)	641,421	71,539	597,403	(524,752)
Nonoperating Revenues (Expenses)					
Gain on Asset Disposal	6,575	1,301	-	7,876	-
Interest and Investment Revenue	975	2,688	-	3,663	-
Interest Expense	(47,054)	(47,054)	-	(94,108)	-
Total Nonoperating Revenues (Expenses)	(39,504)	(43,065)	-	(82,569)	-
Income (Loss) Before Capital Contributions and Transfers	(155,061)	598,356	71,539	514,834	(524,752)
Capital Contributions	663,397	-	-	663,397	-
Transfers In	-	-	-	-	548,500
Transfers Out	(420,000)	(630,795)	(75,000)	(1,125,795)	-
Change in Net Position	88,336	(32,439)	(3,461)	52,436	23,748
Total Net Position - Beginning	8,368,112	5,198,877	853,263	14,420,252	5,384
Prior Period Adjustment	(273,588)	(180,641)	(136,795)	(591,024)	-
Total Net Position - Ending	$ 8,182,860	$ 4,985,797	$ 713,007	$ 13,881,664	$ 29,132

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, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Water & Sewer	Gas	Solid Waste	Total	
Cash Flows From Operating Activities					
Receipts from Customers	$ 2,112,727	$ 3,597,276	$ 704,659	$ 6,414,662	$ 642,539
Payments to Suppliers	(1,060,499)	(2,161,234)	(332,302)	(3,554,035)	(375,410)
Payments to/for Employees	(820,630)	(541,132)	(275,758)	(1,637,520)	(791,881)
Net Cash Provided by (Used for) Operating Activities	231,598	894,910	96,599	1,223,107	(524,752)
Cash Flows From Noncapital Financing Activities					
Operating Subsidies and Transfers from Other Funds	-	-	-	-	548,500
Operating Subsidies and Transfers to Other Funds	(132,495)	(732,482)	(219,151)	(1,084,128)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(132,495)	(732,482)	(219,151)	(1,084,128)	548,500
Cash Flows From Capital and Other Financing Activities					
Sale of Capital Assets	6,575	1,301		7,876	-
Purchases of Capital Assets	(13,425)	(271,661)	(6,730)	(291,816)	-
Principal Paid on Capital Debt	(45,107)	(45,107)	-	(90,214)	-
Interest Paid on Capital Debt	(47,054)	(47,054)	-	(94,108)	-
Net Cash Used for Capital and Related Financing Activities	(99,011)	(362,521)	(6,730)	(476,138)	-
Cash Flows From Investing Activities					
Interest Earned	975	2,888	-	3,863	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,067	(197,405)	(129,282)	(325,620)	23,748
Cash and Cash Equivalents, January 1	617,176	1,517,716	391,377	2,526,269	5,384
Cash and Cash Equivalents, December 31	$ 618,243	$ 1,320,311	$ 262,095	$ 2,200,649	$ 29,132
					-
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (115,557)	$ 641,421	$ 71,539	$ 597,403	$ (524,752)
Adjustments to Reconcile Operating Income to Net Cash Provide by Operating Activities:					
Depreciation Expense	383,386	261,727	15,282	660,395	-
(Increase)/Decrease in Receivables	(16,555)	165,375	1,536	150,356	-
(Increase)/Decrease in Inventories	13,654	(43,009)	2,245	(27,110)	-
(Increase)/Decrease in Deferred Outflows of Resources	(1,112)	(735)	(555)	(2,402)	-
Increase/(Decrease) in Accounts Payable	(28,572)	(141,911)	9,264	(161,219)	-
Increase/(Decrease) in Salaries/Wages Payable	3,640	4,921	684	9,245	-
Increase/(Decrease) in Customer Deposits	3,900	4,000	-	7,900	-
Increase/(Decrease) in Compensated Absences	(2,535)	8,832	925	7,222	-
Increase/(Decrease) in Net Pension Liability	(22,208)	(14,663)	(11,104)	(47,975)	-
Increase/(Decrease) in Deferred Inflows of Resources	13,557	8,952	6,783	29,292	-
Net Cash Provided by Operating Activities	$ 231,598	$ 894,910	$ 86,599	$ 1,223,107	$ (524,752)
Noncash Investing, Capital, and Financing Activities					
Capital Contributions From Governmental Fund	$ 663,397	$ -	$ -	$ 663,397	$ -
Construction In Progress	(663,397)	-	-	(663,397)	-
Total Noncash Contributions	$ -	$ -	$ -	$ -	$ -

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.

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.

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 10, 2015, and due on February 12, 2016, 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. Pensions

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or the Balance Sheet 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 has one item that qualifies as a deferred outflow of resources for fiscal 2015 and occurs under the full accrual basis of accounting in the Statement of Net Position for the governmental activities and the business-type activities. The sources of the deferred outflows are pension contributions made during the fiscal year that are to be used for future period benefits.

In addition to liabilities, the statement of Net Position and/or the Balance Sheet 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 under the modified accrual basis of accounting that qualifies as a deferred inflow of resources for fiscal 2015. It is property tax revenue that is considered unavailable at year end. There are three components of the deferred inflows of resources in the Statement of Net Position at the entity wide level and the Statement of Net Position at the proprietary fund level. Those components are all associated with the City's and are as follows: differences between expected and actual experience of the plan, changes in plan assumptions, and the net differences between projected and actual earnings on pension plan investments.

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 2015 General Fund and special revenue funds budgets were voted upon and adopted by the City Council. Expenditures exceeded appropriated amounts in the following General Fund departments:

Police	$389
Public Works	$75,924

Debt Service in the General Fund was also over budget by $92,175.

Expenditures also exceeded appropriated amounts in the following special revenue funds:

Economic Development Fund – General Government Expenditures - $148,401
Confiscated Asset Fund – Police Expenditures - $16,465
Police Technology Fund – Police Expenditures - $2,166

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 $1,192,755 and the bank balance was $1,464,448. The City's deposits were covered by $250,000 federal depository insurance and the remaining $1,214,448 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, 2015 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	$ 3,077,497
Restricted Cash	1,963,760
Total Cash	$ 5,041,257

Cash balances consist of the following:

Cash Deposits in Financial Institutions	$ 2,773,922
Holdings of Georgia Fund 1	2,267,335
Total Cash	$ 5,041,257

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 is a Standard and Poor's AAAf rated investment pool. 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 pool is not registered with the SEC as an investment company and the State does not consider Georgia Fund 1 to be a 2a-7 like pool. The investment is valued at the pool's share price, $1.00 per share. Investment in the Georgia Fund 1 totaled $2,267,335 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	$ 32,393	$ -	$ -	$ 457,502	$ 861,341	$ 174,016
Taxes	1,986,878	-	5,043	-	-	-
Loans	-	-	338,823	-	-	-
Intergovernmental	-	216,716	-	-	-	-
Total	2,019,271	216,716	343,866	457,502	861,341	174,016
Less: Allowance for Uncollectibles	-	-	-	(26,890)	(27,024)	(12,332)
Net Total Receivables	$ 2,019,271	$ 216,716	$ 343,866	$ 430,612	$ 834,317	$ 161,684

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 10, 2015 and due by February 12, 2016. 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, 2015, excluding exempt property was $122,787,276. Based on the 2015 millage levy of 11.3, a property owner would pay $11.30 per $1,000 of assessed valuation. Current tax collections of $1,238,519 were 89.3% 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, 2015, the following internal balance was present:

Receivable Fund	Payable Fund	Amount
Water and Sewer	General Fund	963,374
Gas Fund	General Fund	88,907
Solid Waste	General Fund	401,550
	Total	1,453,831

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, 2015 were as follows:

Transfer Out Fund	Transfer In Fund		
	General	Self Insurance	Total
General	$ -	$ 548,500	$ 548,500
Hotel/Motel Tax	45,653	-	45,653
Water	420,000	-	420,000
Gas	630,795	-	630,795
Solid Waste	75,000	-	75,000
Total	$ 1,171,448	$ 548,500	$ 1,719,948

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
Construction In Progress	-	610,459	-	(610,459)	-
Total Nondepreciable Capital Assets	1,852,935	610,459	-	(610,459)	1,852,935
Depreciable Capital Assets					
Buildings and Improvements	7,215,832	-	-	-	7,215,832
Machinery and Equipment	4,019,262	273,250	(106,588)	(52,939)	4,132,985
Infrastructure	1,479,764	-	-	-	1,479,764
Total Depreciable Capital Assets	12,714,858	273,250	(106,588)	(52,939)	12,828,581
Less Accumulated Depreciation For:					
Buildings and Improvements	(2,738,519)	(93,084)	-	-	(2,831,603)
Machinery and Equipment	(2,669,091)	(161,452)	106,588	-	(2,723,955)
Infrastructure	(131,282)	(32,731)	-	-	(164,013)
Total Accumulated Depreciation	(5,538,892)	(287,267)	106,588	-	(5,719,571)
Total Depreciable Capital Assets, Net	7,175,966	(14,017)	-	(52,939)	7,109,010
Total Capital Assets, Net	$ 9,028,901	$ 596,442	$ -	$ (663,398)	$ 8,961,945

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 597,787	$ -	$ -	$ -	$ 597,787
Construction In Progress	-	-	-	610,459	610,459
Total Nondepreciable Capital Assets	597,787	-	-	610,459	1,208,246
Depreciable Capital Assets					
Buildings and Improvements	1,312,535	6,325	-	-	1,318,860
Machinery and Equipment	4,727,422	19,680	(25,884)	52,939	4,774,157
Distribution and Collection Systems	25,358,521	265,810	-	-	25,624,331
Total Depreciable Capital Assets	31,398,478	291,815	(25,884)	52,939	31,717,348
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,272,563)	(1,803)	-	-	(1,274,366)
Machinery and Equipment	(2,212,711)	(186,692)	25,884	-	(2,373,519)
Distribution and Collection Systems	(17,651,329)	(471,900)	-	-	(18,123,229)
Total Accumulated Depreciation	(21,136,603)	(660,395)	25,884	-	(21,771,114)
Total Depreciable Capital Assets, Net	10,261,875	(368,580)	-	52,939	9,946,234
Total Capital Assets, Net	$ 10,859,662	$ (368,580)	$ -	$ 663,398	$ 11,154,480

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

Governmental Activities:

General Government	$ 96,693
Police	65,132
Fire	98,313
Building	2,319
Public Works	24,810
Total Depreciation Expense	$ 287,267

Business-type Activities

Water Fund	$ 383,386
Gas Fund	261,727
Solid Waste Fund	15,282
Total Depreciation Expense	$ 660,395

B. Component Unit

The following is a summary of changes in capital asset activity for fiscal year ending December 31, 2015:

	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	(12,502)	(1,667)	-	-	(14,169)
Machinery and Equipment	(1,014)	(245)	-	-	(1,259)
Total Accumulated Depreciation	(13,516)	(1,912)	-	-	(15,428)
Total Depreciable Capital Assets, Net	37,979	(1,912)	-	-	36,067
Total Capital Assets, Net	$ 37,979	$ (1,912)	$ -	$ -	$ 36,067

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
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	141,675	2,397	144,072
2021	43,369	198	43,567
Totals	$ 824,515	$ 60,656	$ 885,171

The following is a summary of the City's long-term debt activity for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Note Payable	$ 974,102	$ -	$ (149,587)	$ 824,515	$ 153,708
Capitalized Leases	655,848	96,992	(74,826)	678,014	85,406
Compensated Absences	217,584	155,954	(120,415)	253,123	120,415
Net Pension Liability	1,015,237	110,032	(184,106)	941,163	-
Total Governmental Activities	$ 2,862,771	$ 362,978	$ (528,934)	$ 2,696,815	$ 359,529
Business-type Activities:					
Capitalized Leases	$ 1,700,198	$ -	$ (90,214)	$ 1,609,984	$ 101,062
Compensated Absences	57,374	85,879	(78,657)	64,596	64,596
Net Pension Liability	657,930	71,263	(119,638)	609,555	-
Total Business-type Activities	$ 2,415,502	$ 157,142	$ (288,509)	$ 2,284,135	$ 165,658

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
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	4,043	387	4,430
2021	7,724	278	8,002
Totals	$ 26,418	$ 3,734	$ 30,152

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	$ 29,703	$ -	$ (3,285)	$ 26,418	$ 3,446

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	(194,672)	(194,672)
Total	$ 778,688	$ 778,688

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 are as follows:

Year Ending December 31	Water Sewer	Gas
2016	94,926	94,926
2017	98,782	98,782
2018	106,772	106,772
2019	113,992	113,992
2020	117,412	117,412
2021-2024	521,685	521,685
Total: Minimum Lease Payments	1,053,569	1,053,569
Less: Amount Representing Interest	(248,577)	(248,577)
Total	$ 804,992	$ 804,992

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	(72,269)
Total	$ 650,416
Backhoe Loader	$ 96,992
Less: Accumulated Depreciation	(4,850)
Total	$ 92,142

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 are as follows:

Year Ending December 31	General Fund
2016	103,322
2017	103,322
2018	103,322
2019	103,322
2020	92,771
2020-2023	328,880
Total: Minimum Lease Payments	834,939
Less: Amount Representing Interest	(156,925)
Total	$ 678,014

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, 2014, the estimated minimum annual contribution under these funding standards for the fiscal year ended December 31, 2015 was $173,697.

The contribution to the plan during the fiscal year ended December 31, 2015 was $233,743 ($0 employee and $233,743 employer; 0% and 7.68% of covered payroll respectively) and was made in accordance with contribution requirements determined by an actuarial valuation as of July 1, 2014. The City's actuarially calculated covered payroll for the audit year was $2,991,847.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of March 31, 2015, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of March 31, 2015.

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Cost of Living Adjustment	0.00%

The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period July 1, 2005 to June 30, 2009.

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Closed level dollar for remaining unfunded liability
Asset Valuation Method	Sum of the actuarial value at the beginning of the year and the cash flow during year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Discount Rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected

future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Long-term Nominal Real Rate of Return
Domestic Equity	50.00%	5.95%	9.20%
International Equity	15.00%	6.45%	9.70%
Fixed Income	25.00%	1.55%	4.80%
Real Estate	10.00%	3.75%	7.00%
Cash	0.00%		
Total	100.00%		

	(a) (TPL) Total Pension Liability	(b) (FNP) Fiduciary Net Position	(a)-(b) (NPL) Net Pension Liability
Balances at March 31, 2014	$ 5,953,496	$ 4,280,729	$ 1,672,767
Changes for the Year			
Service Cost	65,754	-	65,754
Interest	448,214	-	448,214
Differences Between Expected and Actual Experience	82,911	-	82,911
Changes of Assumptions	-	-	-
Contributions - Employer	-	228,836	(228,836)
Contributions - Employees	-	-	-
Net Investment Income	-	409,566	(409,566)
Benefit Payments, Including Refunds of Employee Contributions	(340,190)	(340,190)	-
Administrative Expense	-	(12,492)	12,492
Other	(93,018)	-	(93,018)
Net Changes	163,671	285,720	(122,049)
Balances at March 31, 2015	$ 6,117,167	$ 4,566,449	$ 1,550,718

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

	Sensitivity of the NPL to Changes in Discount Rate		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Total Net Pension Liability	$ 2,308,893	$ 1,550,718	$ 913,351

For the year ended December 31, 2015, the City recognized pension expense of $181,295. At December 31, 2015, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions for future periods	$ 175,308	$ -
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	-	(74,508)
Total	$ 175,308	$ (74,508)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	Amount
2016	$ (18,206)
2017	(18,206)
2018	(18,206)
2019	(18,206)
2020	(1,684)

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions immediately follow the notes to the financial statements.

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

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, 2015, the City collected $82,988. 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 $2,100.

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, 2015, 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.

Note 18. Restatement of Prior Year Net Position

For fiscal year 2015, the City made prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71 which require the restatement of the December 31, 2014 net position in Governmental Activities and the business-type activities. The result was a decrease in beginning net position in the governmental activities by $912,549, and a decrease in beginning net position of the business-type activities of $591,024. These changes are in accordance with generally accepted accounting principles.

		Business-type Activities			
Net Position	Governmental Activities	Water/ Sewer	Gas	Solid Waste	Total Business-type
Net Position, January 1, 2015 as Previously Reported	$ 11,551,298	$ 8,368,112	$ 5,198,877	$ 853,263	$ 14,420,252
Recording Beginning Net Pension Liability	(1,015,238)	(304,375)	(200,968)	(152,189)	(657,532)
Recording Beginning Deferred Outflows of Resources	102,689	30,787	20,327	15,394	66,508
Net Position, January 1, 2015, as Restated	$ 10,638,749	$ 8,094,524	$ 5,018,236	$ 716,468	$ 13,829,228

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF HARTWELL, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Previous Ten Fiscal Periods

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	$ 65,754	*	*	*	*	*	*	*	*	*
Interest	448,214	*	*	*	*	*	*	*	*	*
Benefit Changes	-	*	*	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	82,911	*	*	*	*	*	*	*	*	*
Changes of Assumptions	-	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(340,190)	*	*	*	*	*	*	*	*	*
Other	(93,018)									
Net Change in Total Pension Liability	163,671	*	*	*	*	*	*	*	*	*
Total Pension Liability - Beginning	5,953,496	*	*	*	*	*	*	*	*	*
Total Pension Liability - Ending	$6,117,167	*	*	*	*	*	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 228,836	*	*	*	*	*	*	*	*	*
Contributions - Member	-	*	*	*	*	*	*	*	*	*
Net Investment Income	409,566	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(340,190)	*	*	*	*	*	*	*	*	*
Administrative Expense	(12,492)	*	*	*	*	*	*	*	*	*
Other	-	*	*	*	*	*	*	*	*	*
Net Change in Plan Net Position	285,720	*	*	*	*	*	*	*	*	*
Plan Net Position - Beginning	4,280,729	*	*	*	*	*	*	*	*	*
Plan Net Position - Ending	$4,566,449	*	*	*	*	*	*	*	*	*
Net Pension Liability - Ending	$1,550,718	*	*	*	*	*	*	*	*	*
Total Pension Liability	6,117,167	*	*	*	*	*	*	*	*	*
Plan Net Position	4,566,449	*	*	*	*	*	*	*	*	*
Net Pension Liability	1,550,718	*	*	*	*	*	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	74.65%	*	*	*	*	*	*	*	*	*
Covered Employee Payroll	3,251,963	*	*	*	*	*	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	47.69%	*	*	*	*	*	*	*	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

CITY OF HARTWELL, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	$ 233,743	*	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	233,743	*	*	*	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	*	*	*	*	*	*	*	*	*
Covered Employee Payroll	$2,991,847	*	*	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	7.81%	*	*	*	*	*	*	*	*	*

* Historical information prior to implementation of GASB 67/68 not required.

Notes to Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined as of July 1, 2014, with an interest adjustment to the fiscal year.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75% net pension plan investment expense, including inflation
Projected Salary Increases	3.50% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through June 30, 2009.
Other Information	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available.

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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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance From Final Budget
Revenues				
Intergovernmental	$ 400,000	$ 400,000	$ 393,275	$ (6,725)
Interest Income	600	600	1,455	855
Total Revenues	400,600	400,600	394,730	(5,870)
Expenditures				
Current				
Public Works	20,000	20,000	73,839	(53,839)
Water and Sewer Improvements	35,000	35,000	85,190	(50,190)
Capital Outlay				
Water and Sewer Improvements	351,000	351,000	663,397	(312,397)
Total Expenditures	406,000	406,000	822,426	(416,426)
Excess of Revenues Over Expenditures	(5,400)	(5,400)	(427,696)	(422,296)
Net Change in Fund Balance	(5,400)	(5,400)	(427,696)	(422,296)
Fund Balance - Beginning of Year	2,461,107	2,461,107	2,461,107	-
Fund Balance - End of Year	$ 2,455,707	$ 2,455,707	$ 2,033,411	$ (422,296)

CITY OF HARTWELL, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Economic Development	Confiscated Fund	Police Technology	Hotel/Motel Tax	
Assets					
Cash	$ 630,050	$ -	$ -	$ -	$ 630,050
Receivables					
Tax	-	-	-	5,043	5,043
Loans	338,823	-	-	-	338,823
Cash - Restricted	-	32,107	31,904	-	64,011
Total Assets	968,873	32,107	31,904	5,043	1,037,927
Fund Balances					
Nonspendable					
Notes Receivable	334,823	-	-	-	334,823
Restricted					
Police	-	32,107	31,904	-	64,011
Committed					
Economic Development	634,050	-	-	-	634,050
Tourism Promotion	-	-	-	5,043	5,043
Total Fund Balances	968,873	32,107	31,904	5,043	1,037,927
Total Liabilities and Fund Balances	$ 968,873	$ 32,107	$ 31,904	$ 5,043	$ 1,037,927

CITY OF HARTWELL, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue				Total Nonmajor Governmental Funds
	Economic Development	Confiscated Asset	Police Technology	Hotel/Motel Tax	
Revenues					
Taxes	$ -	$ -	$ -	$ 82,988	$ 82,988
Intergovernmental	-	7,990			7,990
Fines and Forfeitures	-	8,995	-	-	8,995
Charges for Services	-	3,292	12,531	-	15,823
Interest Income	9,201	36	29	-	9,266
Miscellaneous	3,933	-	-	-	3,933
Total Revenues	13,134	20,313	12,560	82,988	128,995
Expenditures					
Current					
General Government	155,301	-	-	35,300	190,601
Police	-	22,565	4,110	-	26,675
Capital Outlay					
Police	-	-	7,656	-	7,656
Total Expenditures	155,301	22,565	11,766	35,300	224,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,167)	(2,252)	794	47,688	(95,937)
Other Financing Sources (Uses)					
Transfers - Out	-	-	-	(45,653)	(45,653)
Total Other Financing Sources (Uses)	-	-	-	(45,653)	(45,653)
Net Change in Fund Balances	(142,167)	(2,252)	794	2,035	(141,590)
Fund Balances - Beginning of Year	1,111,040	34,359	31,110	3,008	1,179,517
Fund Balances - End of Year	$ 968,873	$ 32,107	$ 31,904	$ 5,043	$ 1,037,927

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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Interest Income	$ 6,400	$ 6,400	$ 9,201	$ 2,801
Miscellaneous Income	500	500	3,933	3,433
Total Revenues	6,900	6,900	13,134	6,234
Expenditures				
General Government	6,900	6,900	155,301	(148,401)
Total Expenditures	6,900	6,900	155,301	(148,401)
Deficiency of Revenues Under Expenditures	-	-	(142,167)	(142,167)
Net Change in Fund Balance	-	-	(142,167)	(142,167)
Fund Balance - Beginning of Year	1,111,040	1,111,040	1,111,040	-
Fund Balance - End of Year	$ 1,111,040	$ 1,111,040	$ 968,873	$ (142,167)

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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance From Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 7,990	$ 7,990
Fines and Forfeitures	3,000	3,000	8,995	5,995
Charges for Services	3,000	3,000	3,292	292
Interest Income	100	100	36	(64)
Total Revenues	6,100	6,100	20,313	6,223
Expenditures				
Current				
Police	6,100	6,100	22,565	(16,465)
Total Expenditures	6,100	6,100	22,565	(16,465)
Deficiency of Revenues Under Expenditures	-	-	(2,252)	(2,252)
Net Change in Fund Balance	-	-	(2,252)	(2,252)
Fund Balance - Beginning of Year	34,359	34,359	34,359	-
Fund Balance - End of Year	$ 34,359	$ 34,359	$ 32,107	$ (2,252)

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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Charges for Services	$ 9,500	$ 9,500	$ 12,531	$ 3,031
Interest Income	100	100	29	(71)
Total Revenues	9,600	9,600	12,560	2,960
Expenditures				
Current				
Police	9,600	9,600	4,110	5,490
Capital Outlay				
Police	-	-	7,656	(7,656)
Total Expenditures	9,600	9,600	11,766	(2,166)
Deficiency of Revenues Under Expenditures	-	-	794	794
Net Change in Fund Balance	-	-	794	794
Fund Balance - Beginning of Year	31,110	31,110	31,110	-
Fund Balance - End of Year	$ 31,110	$ 31,110	$ 31,904	$ 794

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, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance from Final Budget
Revenues				
Taxes	$ 72,000	$ 72,000	$ 82,988	$ 10,988
Total Revenues	72,000	72,000	82,988	10,988
Expenditures				
General Government	35,300	35,300	35,300	-
Total Expenditures	35,300	35,300	35,300	-
Excess of Revenues Over Expenditures	36,700	36,700	47,688	10,988
Other Financing Sources (Uses)				
Transfers Out	(36,700)	(36,700)	(45,653)	(8,953)
Total Other Financing Sources (Uses)	(36,700)	(36,700)	(45,653)	(8,953)
Net Change in Fund Balance	-	-	2,035	2,035
Fund Balance - Beginning of Year	3,008	3,008	3,008	-
Fund Balance - End of Year	$ 3,008	$ 3,008	$ 5,043	$ 2,035

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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.

CONTENTS **PAGES**

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. 65-68

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax. 69-72

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. 73-77

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. 78-79

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. 80-82

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	$ 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	$ 7,459,415
Restricted	-	-	695,661	985,549	1,610,448	1,978,997	2,194,745	2,551,243	2,526,576	2,180,476
Unrestricted	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	429,324
Total Governmental Activities Net Position	$ 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	$ 10,069,215
Business-type Activities										
Net Investment in Capital Assets	$ 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	$ 9,544,496
Restricted	980,237	7,737,719	-	-	-	-	-	-	-	-
Unrestricted	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	4,337,168
Total Business-type Activities Net Position	$ 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	$ 13,881,664
Primary Government										
Net Investment in Capital Assets	$ 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	$ 17,003,911
Restricted	980,237	7,737,719	695,661	985,549	1,610,448	1,978,997	2,194,745	2,551,243	2,526,576	2,180,476
Unrestricted	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	4,766,492
Total Primary Government Net Position	$ 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	$ 23,950,879

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	$ 894,037	$ 865,279	$ 873,266	$ 898,696	$ 1,230,941	$ 1,521,911	$ 1,532,498	$ 1,070,394	$ 1,352,862	$ 1,677,106
Police	1,519,679	1,670,744	1,800,722	1,788,245	1,658,160	1,695,517	1,799,843	1,856,609	1,818,754	1,814,398
Fire	520,952	616,580	646,481	674,342	703,824	635,738	689,435	865,136	934,997	905,670
Public Works	552,389	614,073	636,973	735,936	662,482	693,040	741,434	811,060	997,046	965,412
Housing and Development	25,548	11,788	37,727	35,593	33,522	28,711	5,470	30,065	32,573	35,597
Water and Sewer Improvements	-	-	-	-	-	11,843	23,790	6,420	57,549	85,190
Interest on Long-term Debt	6,036	4,090	1,740	-	-	29,890	36,594	32,812	44,202	42,862
Total Governmental Activities Expenses	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	5,526,235
Business-type Activities:										
Water & Sewer	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	2,274,192
Gas	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	2,835,481
Solid Waste	638,704	649,402	659,466	675,630	692,072	661,585	651,363	590,215	600,472	631,589
Total Business-type Activities Expenses	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	5,741,262
Total Primary Government Expenses	$ 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	$ 11,267,497
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 28,690	$ 90,494	$ 112,832	$ 141,018	$ 125,353	$ 22,883	$ 134,022	$ 128,566	$ 176,944	$ 186,084
Police	268,885	342,228	337,393	305,465	244,754	309,448	225,411	238,351	173,096	209,411
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	1,123	941	-	-	429	693	429	-	535	561
Housing and Development	64,692	57,063	-	-	13,290	14,780	20,179	900	17,268	18,441
Operating Grants and Contributions	-	-	106,668	-	11,657	71,827	9,981	-	151,621	94,157
Capital Grants and Contributions	39,687	565,270	477,065	115,204	475,760	433,203	438,949	430,147	404,760	394,744
Total Governmental Activities Program Revenues	401,077	1,055,996	1,033,958	561,687	871,243	852,844	828,971	797,964	924,244	903,378
Business-type Activities:										
Charges for Services:										
Water & Sewer	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	2,107,221
Gas	4,765,638	3,948,148	3,674,073	3,386,544	4,088,031	3,715,858	3,143,676	3,976,063	4,355,176	3,429,622
Solid Waste	709,227	720,673	715,386	742,172	753,154	744,063	749,439	708,097	704,073	694,980
Capital Grants and Contributions	285,400	150,000	-	-	-	-	50,000	-	-	-
Total Business-type Activities Program Revenues	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	6,231,823
Total Primary Government Program Revenues	$ 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	$ 7,135,201
Net (Expense) Revenue										
Governmental Activities	$ (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)	$ (4,622,857)
Business-type Activities	191,701	115,557	(476,408)	67,624	105,799	46,296	227,394	500,577	676,584	490,561
Total Primary Government Net (Expense)	$ (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)	$ (4,132,296)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property	$ 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	$ 1,888,786
Sales Taxes	1,078,932	1,100,307	1,058,560	909,711	671,963	634,069	576,449	547,961	568,091	573,854
Hotel/Motel	-	-	-	-	-	41,308	48,855	53,546	51,384	82,988
Insurance Premium Tax	219,608	229,075	234,563	232,362	225,609	209,615	222,646	230,529	241,035	257,506
Alcoholic Beverage Taxes	169,273	187,494	187,925	200,558	197,323	181,296	193,620	178,680	187,057	205,748
Business Occupation	479,035	602,254	548,900	530,522	518,124	553,533	516,871	505,486	525,015	518,457
Investment Earnings	177,177	200,092	76,486	25,918	16,744	14,955	14,325	11,617	9,648	11,931
Miscellaneous	75,050	17,882	1,476	76,743	27,599	25,947	7,136	75,433	11,448	18,523
Gain on Sale of Capital Assets	13,960	700	40,833	6,132	675	2,710	3,601	1,325	-	33,332
Transfers	325,000	277,500	(390,030)	56,682	156,043	283,633	2,758,436	565,045	1,125,922	462,398
Total Governmental Activities	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	4,053,323
Business-type Activities:										
Investment Earnings	471,191	592,113	167,843	29,036	15,059	10,973	7,212	5,038	2,645	3,663
Miscellaneous	-	-	50,779	-	16,779	8,887	4,728	10,342	18,592	12,734
Gains From Disposals	191,294	-	-	-	-	1,603	2,530	-	9,944	7,876
Transfers	(325,000)	(277,500)	390,030	(56,682)	(156,043)	(283,633)	(2,758,436)	(565,045)	(1,125,922)	(462,398)
Total Business-type Activities	337,485	314,613	608,652	(27,646)	(124,205)	(262,170)	(2,743,966)	(549,665)	(1,094,541)	(436,125)
Total Primary Government	$ 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	$ 3,615,198
Change in Net Position										
Governmental Activities	$ 706,230	$ 1,180,874	$ 123,084	$ (157,018)	$ (161,161)	$ (400,009)	$ 1,730,515	$ (273,187)	$ 55,717	$ (569,534)
Business-type Activities	529,186	430,170	132,244	39,978	(18,406)	(215,874)	(2,516,572)	(49,088)	(417,957)	52,436
Total Primary Government	$ 1,235,416	$ 1,611,044	$ 255,328	$ (117,040)	$ (179,567)	$ (615,883)	$ (786,057)	$ (322,275)	$ (362,240)	$ (517,098)

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

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Unassigned	$ -	$ -	$ -	$ -	$ -	$ 1,655,998	$ 910,272	$ 140,874	$ 214,166	$ 155,698
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	4,267,660	4,386,163	3,939,843	2,988,221	2,599,230	-	-	-	-	-
Total General Fund	$ 4,267,660	$ 4,386,163	$ 3,939,843	$ 2,988,221	$ 2,599,230	$ 1,655,998	$ 910,272	$ 140,874	$ 214,166	$ 155,698
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 286,223	$ 252,922	$ 218,392	$ 169,457	$ 334,823
Restricted	-	-	-	-	-	1,978,997	2,194,745	2,551,243	2,526,576	2,097,422
Committed	-	-	-	-	-	898,300	899,152	924,483	944,591	639,093
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	$ 3,071,338

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property Taxes	$ 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	$ 1,897,234
Sales Taxes	1,026,058	1,100,307	1,058,560	909,711	620,736	634,069	576,449	547,961	588,091	573,654
Hotel Motel Taxes	52,874	65,579	50,812	49,422	51,227	41,308	48,855	53,546	51,384	82,988
Business Occupation Taxes	-	69,771	88,195	95,501	87,045	97,020	59,318	94,585	87,937	70,848
Franchise Taxes	398,013	369,256	409,893	385,598	431,079	456,513	422,835	410,903	437,075	447,609
Insurance Premium Taxes	219,608	229,075	234,563	232,362	225,609	209,615	222,646	230,529	241,035	257,506
Beverage Tax	169,273	167,494	187,925	200,559	197,323	181,296	193,620	178,680	187,057	205,748
Licenses and Permits	151,410	57,063	34,870	30,834	25,290	25,890	31,579	25,970	29,503	18,441
Intergovernmental	120,304	638,735	557,862	126,086	503,826	460,471	455,765	437,385	565,768	535,757
Charges for Services	2,608	93,340	126,068	120,649	58,660	58,857	88,776	85,718	104,377	159,829
Fines and Forfeitures	280,400	340,323	315,158	284,118	288,994	304,761	260,803	245,246	223,081	193,588
Investment Earnings	177,177	200,092	76,486	18,742	18,742	17,820	18,373	15,263	11,163	11,934
Contributions and Donations	5,317	11,200	-	-	-	-	-	-	-	-
Miscellaneous Income	24,071	17,882	40,833	76,744	27,599	25,947	7,136	75,433	11,448	18,516
Total Revenues	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	4,473,652
Expenditures										
General Government	810,895	804,861	839,992	822,359	867,869	2,542,345	2,411,363	954,847	1,090,270	1,144,155
Police	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	1,762,782
Fire	468,496	541,581	635,109	908,318	693,783	626,771	628,805	781,835	1,514,532	813,844
Public Works	519,734	567,455	616,151	705,424	633,631	671,878	820,871	772,622	931,433	1,029,548
Housing and Development	25,016	10,849	35,528	33,435	33,354	28,628	17,063	27,996	30,254	33,278
Water and Sewer Improvements	-	-	-	-	-	11,843	23,790	6,420	57,549	85,190
Capital Outlay	272,845	936,052	598,932	275,288	26,000	66,367	145,056	7,753	312,328	671,053
Debt Service										
Principal	60,792	62,737	65,088	-	-	100,913	137,810	141,592	212,421	224,313
Interest	6,036	4,090	1,740	-	-	29,890	36,594	32,812	44,202	42,862
Total Expenditures	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	5,807,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	309,210	205,127	(26,771)	(522,732)	113,816	(1,840,227)	(3,065,739)	(662,270)	(1,964,262)	(1,333,373)
Other Financing Sources (Uses)										
Issuance of Capital Lease	-	-	-	-	-	-	-	-	722,685	96,992
Issuance of Note Payable	-	-	-	-	-	1,500,000	-	-	-	-
Transfers In	429,468	505,579	374,140	485,129	324,624	354,314	2,917,504	583,842	1,454,385	1,171,448
Transfers Out	(104,468)	(290,579)	(864,170)	(623,447)	(506,181)	(579,287)	(417,792)	(344,997)	(216,135)	(594,153)
Capital Asset Disposal	-	700	1,476	6,132	675	2,710	3,601	1,325	23,125	31,332
Total Other Financing Sources (Uses)	325,000	215,700	(488,554)	(132,186)	(180,882)	1,277,737	2,503,313	240,170	1,984,060	705,619
Net Change in Fund Balances	$ 634,210	$ 420,827	$ (515,325)	$ (654,918)	$ (67,066)	$ (562,490)	$ (562,426)	$ (422,100)	$ 19,798	$ (627,754)
Debt Service as a Percentage of Noncapital Expenditures	2.0%	1.9%	1.8%	0.0%	0.0%	3.3%	4.1%	3.9%	5.5%	5.8%

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%
2015	94,405	37,407	9,052	122,760	11.30	306,900	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
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
2015	11.30	19.86	0.10	31.26

(A) Source Data: Hart County, Georgia

CITY OF HARTWELL, GEORGIA
Principle Property Taxpayers
December 31, 2015
(Amounts Expressed in Thousands)

	2015			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Wal-Mart	$ 5,469	1	4.5%	$ 5,811	2	4.2%
Ingles	3,023	2	2.5%	1,622	8	1.2%
Hart Cable	2,148	3	1.7%	-	-	-
Georgia Power	1,838	4	1.5%	1,652	7	1.20%
Hartwell Business Park	1,614	5	1.3%	-	-	-
The Home Depot	1,321	6	1.1%	-	-	-
Milliken	1,214	7	1.0%	2,391	5	1.74%
Hartwell Industries	1,050	8	0.9%	2,110	6	1.53%
Hart Telephone	-	-	-	1,407	9	1.02%
Tenneco	-	-	-	13,346	1	9.7%
Laurel Park	-	-	-	3,686	3	2.7%
Shopping Center Financial	-	-	-	2,543	4	1.8%
Berle Manuf	-	-	-	1,328	10	1.0%
Totals	$ 17,677		14.4%	$ 35,896		26.1%

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
2006	1,298	1,012	78.0%	285	1,297	99.9%
2007	1,395	1,278	91.6%	116	1,394	99.9%
2008	1,464	1,128	77.0%	333	1,461	99.8%
2009	1,390	1,206	86.8%	178	1,384	95.3%
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%	207	1,331	97.4%
2013	1,317	1,078	81.9%	183	1,261	95.8%
2014	1,354	1,117	82.5%	161	1,278	94.4%
2015	1,387	1,239	89.3%	-	1,239	89.3%

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
2006	$ -	$ -	$ 62,738	$ 5,200,000	$ -	$ -	$ 5,262,738	3.4%	191
2007	-	-	65,088	4,735,000	-	-	4,800,088	3.4%	168
2008	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	1,939,144	1,939,144	1.5%	59
2010	-	-	-	-	-	1,907,352	1,907,352	1.5%	64
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%	104
2013	-	1,119,685	-	-	-	1,780,312	2,899,997	4.0%	109
2014	-	974,102	655,848	-	-	1,700,198	3,330,148	3.7%	203
2015	-	824,515	678,014	-	-	1,609,984	3,112,513	3.6%	190

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 78 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
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%	-
2015	-	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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit (in 000s)	$ 1,425	$ 2,292	$ 14,486	$ 14,366	$ 14,233	$ 14,111	$ 12,148	$ 11,654	$ 12,028	$ 12,276
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (in 000s)	$ 1,425	$ 2,292	$ 14,486	$ 14,366	$ 14,233	$ 14,111	$ 12,148	$ 11,654	$ 12,028	$ 12,276
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	$ 122,760
Debt Limit (10% of assessed taxable value, in 000s)	12,276
Debt Applicable to Limit:	
General Obligation Bonds	-
Legal Debt Margin (in 000s)	$ 12,276

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
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
2015	2,111,581	1,843,752	267,829	-	-	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, 2015

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

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
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%
2015	4,487	85,809,388	19,124	46.4	6.0%

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 Eight Years Ago

	2015			2007***		
Employer	Employees	Rank	Percentage Of Total Hart County** Employment	Employees	Rank	Percentage Of Total Hart County** Employment
Tenneco	695	1	7.1%	385	1	5.5%
Wal*Mart	257	2	2.6%	280	2	4.0%
Ingles	127	3	1.3%	*	*	*
Hart EMC	110	4	1.1%	*	*	*
Hart Care Center	109	5	1.1%	*	*	*
Milliken	92	6	0.9%	110	3	1.6%
City of Hartwell	91	7	0.9%	99	5	1.4%
Hart Telephone	-	-	0.0%	59	6	0.8%
Home Depot	-		0.0%	54	7	0.8%
Hartwell Industry	-		-	104	4	1.5%
Totals	1,481		15.1%	1,091		15.5%

Source: Georgia Department of Labor

*Principal employer numbers unavailable.

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

***2006 Employer data not available.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	10	9	8	8	9	9	9	9	9	10
Police	32	29	27	27	26	26	27	24	26	27
Fire	7	8	10	10	8	7	8	8	9	9
Planning and Development	2	2	2	1	2	1	1	1	1	1
Public Works*	46	44	38	37	36	36	35	34	40	38
Sanitation	7	7	7	7	7	7	7	7	6	6
Total	104	99	92	90	88	86	87	83	91	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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical Arrests	322	853	805	611	613	603	493	489	338	367
Traffic Violations	1,682	2,439	2,542	1,868	1,500	1,944	1,269	1,129	914	1,462
Housing and Development										
Building Permits Issued	145	155	261	208	210	220	92	223	232	221
Sanitation										
Number of Customers	2,046	2,023	2,023	2,039	2,048	2,039	2,031	2,041	2,019	2,025

Source: City of Hartwell, Georgia

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	23	24	26	26	22	23	22	23	20	17
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks/Vehicles	*	*	*	*	4	5	5	5	5	5
Public works										
Miles of Streets	42	42	42	42	42	42	49	49	49	49
Traffic Signals	11	11	11	11	11	11	11	11	10	10
Street Lights	*	*	*	*	916	919	919	919	919	919
Sanitation										
Collection Vehicles	4	4	5	5	3	4	4	4	4	4
Water/Sewer										
Miles of Water Mains	*	*	*	*	65	65	84.7	84.7	84.7	84.7
Fire Hydrants	*	*	*	*	383	402	403	403	403	403
Max Daily Water Treatment	*	*	*	*	4.5 mgd	4.5 mgd	4.5mgd	4.5mgd	4.5 mgd	4.5 mgd
Miles of Sanitary Sewer	*	*	*	*	60	60	70	70	70	70
Feet of Storm Sewer	*	*	*	*	17,568	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	1.75 mgd

Source: City of Hartwell, Georgia

* Information Not Available

COMPLIANCE SECTION

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

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, 2015, 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 June 16, 2016

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 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 June 16, 2016.

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
June 16, 2016

CITY OF HARTWELL, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
Year Ended December 31, 2015

2000 SPLOST II

Project Description	Estimated Costs		Actual Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer Improvements	$ 600,134	$ 600,134	$ 338,827	$ 114,860	$ 453,687
Total	$ 600,134	$ 600,134	$ 338,827	$ 114,860	$ 453,687

2005 SPLOST III

Project Description	Estimated Costs		Actual Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer Improvements	$ 2,246,400	$ 2,246,400	$ 1,643,718	$ 489,276	$ 2,132,994
Road Projects	120,000	120,000	-	-	-
Total	$ 2,366,400	$ 2,366,400	$ 1,643,718	$ 489,276	$ 2,132,994

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	$ 144,451	$ 189,949
Road Projects	120,000	120,000	71,152	73,839	144,991
Total	$ 2,366,400	$ 2,366,400	$ 116,650	$ 218,290	$ 334,940

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 modified accrual basis on accounting.