CITY OF HAWKINSVILLE, GEORGIA

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2011

AND

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
City of Hawkinsville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hawkinsville, Georgia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, except for the valuation and expensing of capital assets for the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund and the Training Facility Fund as described in the preceding paragraph, the financial statements referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund of the City of Hawkinsville, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major governmental fund and the fund level statement for the Sanitation Fund, and the aggregate remaining fund

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information of the City of Hawkinsville, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 29, 2011, on our consideration of the City of Hawkinsville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and in considering the results of the audit, should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hawkinsville, Georgia's basic financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Giddens, Bennett & Company, P.C.

GIDDENS, BENNETT & COMPANY, P. C.

December 29, 2011

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS:				
Cash and cash equivalents	$ 422,607	$ 656,213	$ 1,078,820	$ 8,488
Receivables (net of allowance, where applicable):				
Accounts	- - -	374,171	374,171	- - -
Interest	12	- - -	12	- - -
Taxes	33,654	- - -	33,654	- - -
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes	- - -	- - -	- - -	- - -
Other	25,383	27,916	53,299	- - -
Intergovernmental	276,572	- - -	276,572	35,729
Inventory	6,233	121,500	127,733	- - -
Prepaid items	4,412	10,465	14,877	- - -
Deposits	- - -	50	50	- - -
Note receivable - JONGL	- - -	303,803	303,803	- - -
Investments	1,599,126	656,819	2,255,945	- - -
Nondepreciable capital assets	1,430,123	382,677	1,812,800	- - -
Depreciable capital assets, net	5,414,055	5,348,780	10,762,835	185
Total assets	9,212,177	7,882,394	17,094,571	44,402
LIABILITIES:				
Accounts payable	124,883	188,855	313,738	- - -
Interest payable	5,218	3,562	8,780	6,848
Other payables	104	61,329	61,433	- - -
Unearned revenue	50	- - -	50	- - -
Accrued liabilities	25,301	12,787	38,088	- - -
Noncurrent liabilities:				
Due within one year:				
Compensated absences	48,476	45,577	94,053	- - -
Notes payable	111,159	354,714	465,873	128,738
Capital leases payable	- - -	18,288	18,288	- - -
Post-closure care costs	- - -	5,286	5,286	- - -
Due in more than one year:				
Notes payable	670,659	1,281,752	1,952,411	- - -
Capital leases payable	- - -	73,092	73,092	- - -
Post-closure care costs	- - -	109,679	109,679	- - -
Total liabilities	985,850	2,154,921	3,140,771	135,586
NET ASSETS:				
Invested in capital assets, net of related debt	6,062,360	4,307,414	10,369,774	185
Restricted for:				
Debt service	108,676	- - -	108,676	- - -
Capital projects	214,294	- - -	214,294	- - -
Community and economic development	4,615	- - -	4,615	- - -
Recorder's court	15,767	- - -	15,767	- - -
Training facility improvements	248	- - -	248	- - -
Cemetery:				
Expendable	911	- - -	911	- - -
Nonexpendable	5,000	- - -	5,000	- - -
Unrestricted	1,814,456	1,420,059	3,234,515	(91,368)
Total net assets	$8,226,327	$5,727,473	$13,953,800	$(91,183)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNIT HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
Primary Government								
Governmental activities:								
General government	$1,279,463	$ 75,703	$ - - -	$247,108	$ (956,652)	$ - - -	$ (956,652)	$ - - -
Public safety:								
Fire protection	362,570	- - -	- - -	135,736	(226,834)	- - -	(226,834)	- - -
Law enforcement	625,117	70,312	- - -	23,282	(531,523)	- - -	(531,523)	- - -
Animal control	56,082	- - -	- - -	- - -	(56,082)	- - -	(56,082)	- - -
Public works	405,470	- - -	- - -	323,655	(81,815)	- - -	(81,815)	- - -
Culture and recreation	3,417	- - -	6,000	- - -	2,583	- - -	2,583	- - -
Community and economic development	183,098	36,000	41,300	73,665	(32,133)	- - -	(32,133)	- - -
Interest on long-term debt	33,473	- - -	- - -	- - -	(33,473)	- - -	(33,473)	- - -
Total governmental activities	2,948,690	182,015	47,300	803,446	(1,915,929)	- - -	(1,915,929)	- - -
Business-type activities:								
Water and Sewerage	1,353,496	1,388,567	- - -	- - -	- - -	35,071	35,071	- - -
Gas	2,646,275	3,341,328	- - -	- - -	- - -	695,053	695,053	- - -
Training Facility	59,034	21,500	- - -	- - -	- - -	(37,534)	(37,534)	- - -
Sanitation	467,153	451,803	- - -	- - -	- - -	(15,350)	(15,350)	- - -
Total business-type activities	4,525,958	5,203,198	- - -	- - -	- - -	677,240	677,240	- - -
Total primary government	$7,474,648	$5,385,213	$47,300	$803,446	(1,915,929)	677,240	(1,238,689)	- - -
Component Unit								
Hawkinsville Downtown Development Authority	$ 8,111	$ - - -	$25,000	$ - - -	- - -	- - -	- - -	16,889
General revenues:								
Taxes:								
Property taxes, levied for general purposes					526,946	- - -	526,946	- - -
Sales taxes					460,690	- - -	460,690	- - -
Franchise taxes					289,499	- - -	289,499	- - -
Insurance premium taxes					229,054	- - -	229,054	- - -
Alcoholic beverage taxes					84,107	- - -	84,107	- - -
Hotel / motel taxes					22,335	- - -	22,335	- - -
Financial institutions taxes					15,046	- - -	15,046	- - -
Interest and investment earnings					3,982	10,390	14,372	- - -
Miscellaneous					132,348	27,984	160,332	- - -
Gain (loss)on sale of property					- - -	(18,806)	(18,806)	
Transfers					626,283	(626,283)	- - -	- - -
Total general revenues and transfers					2,390,290	(606,715)	1,783,575	- - -
Change in net assets					474,361	70,525	544,886	16,889
Net assets - beginning					7,751,966	5,656,948	13,408,914	(108,072)
Net assets - ending					$ 8,226,327	$5,727,473	$13,953,800	$ (91,183)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
ASSETS:				
Cash on hand	$ 500	$ - - -	$ - - -	$ 500
Cash - financial institutions	115,657	46,915	259,230	421,802
Cash - Georgia Fund 1	- - -	305	- - -	305
Receivables (net of allowance, where applicable):				
Interest	- - -	- - -	12	12
Property taxes	33,654	- - -	- - -	33,654
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	- - -
Other, net of allowance	22,383	3,000	- - -	25,383
Intergovernmental	107,858	- - -	156,014	263,872
Interfund balances	- - -	- - -	3,685	3,685
Inventory, at cost	6,233	- - -	- - -	6,233
Prepaid items	4,412	- - -	- - -	4,412
Investments	- - -	1,599,126	- - -	1,599,126
Total assets	$290,697	$1,649,346	$418,941	$2,358,984

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 44,703	$ - - -	$ 80,180	$ 124,883
Other payable	104	- - -	- - -	104
Interfund balances	3,685	- - -	- - -	3,685
Deferred revenue	17,836	- - -	50	17,886
Accrued liabilities	25,301	- - -	- - -	25,301
Total liabilities	91,629	- - -	80,230	171,859
FUND BALANCES (DEFICITS):				
Nonspendable:				
Prepaid items	4,412	- - -	- - -	4,412
Inventory	6,233	- - -	- - -	6,233
Cemetery fund principal	- - -	- - -	5,000	5,000
Restricted:				
Community and economic development	- - -	- - -	4,615	4,615
Capital projects	- - -	- - -	214,294	214,294
Debt service	- - -	- - -	113,891	113,891
Recorder's court	15,767	- - -	- - -	15,767
Training facility improvements	248	- - -	- - -	248
Cemetery improvements	- - -	- - -	911	911
Assigned to -				
Community and economic development	- - -	1,649,346	- - -	1,649,346
Unassigned	172,408	- - -	- - -	172,408
Total fund balances (deficits)	199,068	1,649,346	338,711	2,187,125
Total liabilities and fund balances (deficits)	$290,697	$1,649,346	$418,941	$2,358,984

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$2,187,125
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds Balance Sheet:		
Governmental capital assets	$ 8,551,062	
Less: accumulated depreciation	(1,706,884)	6,844,178
Other receivables are not available to pay for current period expenditures and therefore are deferred in the Governmental Funds Balance Sheet -		
Property taxes		17,836
Other receivables are not available to pay for current period expenditures -		
Intergovernmental revenues		12,700
Interfund receivables and payables between governmental funds are reported on the Governmental Funds Balance Sheet but are eliminated on the Statement of Net Assets:		
Interfund receivables	$ 3,685	
Interfund payables	(3,685)	- - -
Long-term liabilities, including notes payable, compensated absences, and capital leases payable, are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet:		
Accrued compensated absences	$ (48,476)	
Notes payable	(781,818)	
Accrued interest payable	(5,218)	(835,512)
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$8,226,327

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	$1,591,204	$ - - -	$ 22,335	$1,613,539
Licenses and permits	89,548	- - -	- - -	89,548
Intergovernmental	113,232	- - -	844,227	957,459
Fines and forfeitures	70,312	- - -	- - -	70,312
Interest	3,688	212	602	4,502
Miscellaneous	23,155	36,001	- - -	59,156
Total revenues	1,891,139	36,213	867,164	2,794,516
EXPENDITURES:				
Current:				
General government	998,292	- - -	22,335	1,020,627
Public safety:				
Fire protection	179,174	- - -	124,525	303,699
Law enforcement	624,716	- - -	- - -	624,716
Animal control	55,140	- - -	- - -	55,140
Public works	372,334	- - -	309,892	682,226
Culture and recreation	85,400	- - -	- - -	85,400
Community and economic development	57,536	44,861	46,481	148,878
Capital outlay:				
General government	- - -	- - -	111,751	111,751
Public safety - Fire protection	- - -	- - -	15,820	15,820
Culture and recreation	- - -	- - -	3,417	3,417
Community and economic development	- - -	- - -	107,450	107,450
Debt service:				
Principal	14,801	97,386	290,736	402,923
Interest	627	19,135	20,763	40,525
Total expenditures	2,388,020	161,382	1,053,170	3,602,572
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(496,881)	(125,169)	(186,006)	(808,056)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	$(496,881)	$ (125,169)	$(186,006)	$ (808,056)
OTHER FINANCING SOURCES (USES):				
Accounts receivable allowance	- - -	- - -	(3,127)	(3,127)
Notes receivable allowance	- - -	- - -	(2,550)	(2,550)
Notes receivable discount	- - -	- - -	(28,490)	(28,490)
Transfers in	575,624	148,168	14,533	738,325
Transfers out	(103,735)	(8,307)	- - -	(112,042)
Total other financing sources (uses)	471,889	139,861	(19,634)	592,116
NET CHANGE IN FUND BALANCES	(24,992)	14,692	(205,640)	(215,940)
FUND BALANCE (DEFICIT) - BEGINNING	224,060	1,634,654	544,351	2,403,065
FUND BALANCE (DEFICIT) - ENDING	$ 199,068	$1,649,346	$ 338,711	$2,187,125

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$(215,940)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for capital assets	$ 565,683	
Less: current year depreciation	(231,482)	334,201
In the Statement of Activities, the donation of capital assets is reported, whereas in the Governmental Funds, no amount is recognized. Thus, the change in net assets differs from the change in fund balance by the donated amount -		
Net book value of donated capital assets		(65,367)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds -		
Property taxes	$ (908)	
Animal Control fees	3,159	2,251
Long-term compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds		9,240
Issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets:		
Capital lease and note payments	$ 47,428	
Notes and leases principal paid	355,495	
Interest paid	7,053	409,976
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 474,361

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	$ 138,609	$ 467,901	$ 22,997	$ 26,706	$ 656,213
Receivables:					
Accounts	142,782	182,673	- - -	48,716	374,171
Other	677	26,824	- - -	415	27,916
Inventory	58,252	63,248	- - -	- - -	121,500
Prepaid items	5,034	3,350	847	1,234	10,465
Note receivable - JONGL	- - -	19,605	- - -	- - -	19,605
Total current assets	345,354	763,601	23,844	77,071	1,209,870
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Note receivable - JONGL	- - -	284,198	- - -	- - -	284,198
Investments	- - -	656,819	- - -	- - -	656,819
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Buildings	2,163,245	8,000	1,940,748	- - -	4,111,993
Improvements other than buildings	- - -	508,630	227,146	- - -	735,776
Machinery and equipment	20,352,189	823,474	276,681	344,756	21,797,100
Accumulated depreciation	(19,564,465)	(774,183)	(779,800)	(177,641)	(21,296,089)
Total long-term assets	2,994,287	1,506,988	1,992,650	178,599	6,672,524
Total assets	$ 3,339,641	$2,270,589	$2,016,494	$ 255,670	$ 7,882,394

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 27,034	$ 147,356	$ - - -	$ 13,940	$ 188,330
Interest payable	3,343	- - -	- - -	219	3,562
Other payable	210	- - -	- - -	315	525
Customer deposits	32,809	28,520	- - -	- - -	61,329
Accrued expenses	1,223	11,075	- - -	489	12,787
Accrued vacation leave	24,598	8,288	- - -	12,691	45,577
Notes payable	335,109	19,605	- - -	- - -	354,714
Capital leases payable	- - -	- - -	- - -	18,288	18,288
Post-closure care costs	- - -	- - -	- - -	5,286	5,286
Total current liabilities	424,326	214,844	- - -	51,228	690,398
Long-term liabilities:					
Notes payable	997,554	284,198	- - -	- - -	1,281,752
Capital leases payable	- - -	- - -	- - -	73,092	73,092
Post-closure care cost	- - -	- - -	- - -	109,679	109,679
Total long-term liabilities	997,554	284,198	- - -	182,771	1,464,523
Total liabilities	1,421,880	499,042	- - -	233,999	2,154,921
NET ASSETS:					
Invested in capital assets, net of related debt	1,661,660	565,921	1,992,650	87,219	4,307,450
Unrestricted	256,101	1,205,626	23,844	(65,548)	1,420,023
Total net assets	$1,917,761	$1,771,547	$2,016,494	$ 21,671	$5,727,473

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	$1,388,567	$3,341,328	$ - - -	$451,803	$5,181,698
Rents	- - -	- - -	21,500	- - -	21,500
Miscellaneous	1,873	983	360	109	3,325
Total operating revenues	1,390,440	3,342,311	21,860	451,912	5,206,523
OPERATING EXPENSES:					
Salaries	273,148	109,893	- - -	142,996	526,037
Parts and supplies	71,082	24,434	2,240	1,101	98,857
Purchases	- - -	2,252,004	- - -	- - -	2,252,004
Supervision and engineering	- - -	7,767	4,225	- - -	11,992
Equipment rentals	26,533	- - -	- - -	- - -	26,533
Taxes	20,477	131,364	- - -	10,547	162,388
Vehicle expense	16,154	14,441	40	51,855	82,490
Utilities	242,434	4,391	- - -	1,621	248,446
Repairs and maintenance	51,172	21,722	1,091	65,169	139,154
Depreciation	444,348	13,177	44,513	10,465	512,503
Office expense	7,766	3,202	212	248	11,428
Medical	134	635	- - -	175	944
Insurance	112,715	29,689	6,313	59,131	207,848
Uniforms	3,187	1,385	- - -	1,789	6,361
Retirement	19,025	7,217	- - -	11,700	37,942
Advertising	1,067	1,678	- - -	66	2,811
Bad debts	17,746	12,223	- - -	10,248	40,217
Miscellaneous	8,893	927	400	375	10,595
Compactor contract	- - -	- - -	- - -	23,605	23,605
Landfill fees	- - -	- - -	- - -	74,717	74,717
Total operating expenses	1,315,881	2,636,149	59,034	465,808	4,476,872
OPERATING INCOME (LOSS)	74,559	706,162	(37,174)	(13,896)	729,651

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	$ 74,559	$ 706,162	$ (37,174)	$(13,896)	$ 729,651
NONOPERATING REVENUES (EXPENSES):					
Interest income	264	10,126	- - -	- - -	10,390
Interest charges	(37,615)	(10,126)	- - -	(1,345)	(49,086)
Gain (loss) on sale of assets	- - -	- - -	- - -	(18,806)	(18,806)
Undistributed income from joint venture	- - -	24,659	- - -	- - -	24,659
Total nonoperating revenues (expenses)	(37,351)	24,659	- - -	(20,151)	(32,843)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	37,208	730,821	(37,174)	(34,047)	696,808
TRANSFERS IN	10,908	4,329	- - -	49,988	65,225
TRANSFERS OUT	(79,927)	(603,897)	- - -	(7,684)	(691,508)
CHANGE IN NET ASSETS	(31,811)	131,253	(37,174)	8,257	70,525
TOTAL NET ASSETS - BEGINNING	1,949,572	1,640,294	2,053,668	13,414	5,656,948
TOTAL NET ASSETS - ENDING	$1,917,761	$1,771,547	$2,016,494	$ 21,671	$5,727,473

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	$1,365,146	$ 3,399,959	$ 21,501	$ 454,720	$ 5,241,326
Payments to suppliers	(614,805)	(2,503,626)	(14,354)	(329,092)	(3,461,877)
Payments to employees	(277,310)	(109,694)	- - -	(143,806)	(530,810)
Other receipts (payments)	(676)	(3)	360	109	(210)
Net cash provided (used) by operating activities	472,355	786,636	7,507	(18,069)	1,248,429
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	10,908	4,329	- - -	49,988	65,225
Transfers out	(79,927)	(603,897)	- - -	(7,684)	(691,508)
Payments on long-term debt - One Georgia	- - -	(62,491)	- - -	- - -	(62,491)
Interest paid on long-term debt	- - -	(10,126)	- - -	- - -	(10,126)
Net cash provided (used) by noncapital financing activities	(69,019)	(672,185)	- - -	42,304	(698,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from issuance of debt	- - -	- - -	- - -	91,380	91,380
Proceeds from sales of capital assets	- - -	- - -	- - -	63,000	63,000
Purchases of capital assets	- - -	- - -	(6,649)	(154,380)	(161,029)
Principal paid on capital debt	(337,339)	- - -	- - -	(41,819)	(379,158)
Interest paid on capital debt	(38,973)	- - -	- - -	(2,574)	(41,547)
Net cash provided (used) by capital and related financing activities	(376,312)	- - -	(6,649)	(44,393)	(427,354)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends	$ 264	$ 10,126	$ - - -	$ - - -	$ 10,390
Loan payments received from JONGL	- - -	62,491	- - -	- - -	62,491
Net cash provided (used) by investing activities	264	72,617	- - -	- - -	72,881
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,288	187,068	858	(20,158)	195,056
CASH AND CASH EQUIVALENTS - BEGINNING	111,321	280,833	22,139	46,864	461,157
CASH AND CASH EQUIVALENTS - ENDING	$138,609	$467,901	$ 22,997	$ 26,706	$ 656,213
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 74,559	$706,162	$(37,174)	$(13,896)	$ 729,651
Adjustments to reconcile operating income to net cash provided (used) by operating activities -					
Depreciation expense	444,348	13,177	44,513	10,465	512,503
Change in assets and liabilities:					
Receivables, net	(24,586)	59,915	- - -	2,917	38,246
Other receivables	(677)	(987)	- - -	- - -	(1,664)
Inventories	(5,298)	(372)	- - -	- - -	(5,670)
Prepaid items	3,904	2,837	168	2,624	9,533
Accounts and other payables	(15,720)	3,632	- - -	(10,826)	(22,914)
Accrued expenses	- - -	3,354	- - -	(8,543)	(5,189)
Accrued salaries	(4,163)	(2,037)	- - -	(2,238)	(8,438)
Accrued compensated absences	690	2,235	- - -	1,428	4,353
Deposits	(702)	(1,280)	- - -	- - -	(1,982)
Net cash provided (used) by operating activities	$472,355	$786,636	$ 7,507	$(18,069)	$1,248,429

The notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

Hawkinsville Downtown Development Authority - Management has determined that the Hawkinsville Downtown Development Authority is considered to be a discretely presented component unit of the City. The Hawkinsville Downtown Development Authority (the Authority) is governed by seven directors appointed by the City of Hawkinsville's Board of Commissioners. The Authority's purpose is to revitalize and redevelop the central business district of the City of Hawkinsville, Georgia. Component unit financial statements are available from the Authority, 100 Lumpkin Street, Hawkinsville, Georgia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Hawkinsville Development Authority - Management has determined that the Hawkinsville Development Authority is considered to be a blended component unit of the City and is included as a Special Revenue Fund. The Hawkinsville Development Authority (HDA), an entity legally separate from the City, is governed by a seven member board appointed by the City Commission. HDA's purpose is to provide financing for new industries in Hawkinsville. To date, the HDA has provided $1,200,000 in financing for the Speculative building that has been leased to the City. Because the HDA's only activity has been with the City, the HDA is reported as if it were part of the City's operations. Component unit financial statements are available from the City of Hawkinsville, 319 Broad Street, Hawkinsville, Georgia.

Hawkinsville Urban Redevelopment Agency - Management has determined that the Hawkinsville Urban Redevelopment Agency is considered to be a blended component unit of the City and is included as a Special Revenue Fund. The Hawkinsville Urban Redevelopment Agency (HURA), an entity legally separate from the City, is governed by an eleven member board appointed by the City Commission. HURA's purpose is to facilitate improvement of substandard buildings within the City. Because the HURA's only activity has been with the City, the HURA is reported as if it were part of the City's operations. Component unit financial statements are available from the City of Hawkinsville, 319 Broad Street, Hawkinsville, Georgia.

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

C. **JOINT VENTURES**:

Jointly Owned Natural Gas Transmission Line - The Jointly Owned Natural Gas Transmission Line (Line) is a joint venture of the Cities of Warner Robins, Perry, Hawkinsville, and Cochran, Georgia. The Line was established in 1953 with the purpose of providing maintenance and related services for the transmission line serving the member cities and customers. During the year ended June 30, 2010, the City of Byron merged with the joint venture. The Line is governed by a board of directors composed of one member from each city. Each director has one vote. The investment is accounted for using the equity method.

Under the terms of the joint venture contract, each member owns its own separate section of the transmission line and maintains the cost of operating the particular section. Income earned by the Line is allocated to each member based on various percentages as specified in the joint venture contract. Each member's equity share in the income and retained earnings of this joint venture is reported in the audited financial statements of the Line. The income and retained earnings from the Line as of and for the year ended September 30, 2010, are reported in the Gas Fund for the current year.

Income of $24,659 was reported in the Gas Fund for the year ended June 30, 2011. Total investment in the Line recorded as an investment by the Gas Fund totaled $656,819 at June 30, 2011.

The City owns approximately 19.28% of the total assets of the Line.

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

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

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

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

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

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

The City's expenditures for June 30, 2011, were $16,800 and $68,600 to the Library Board and Hawkinsville-Pulaski County Recreation Board, respectively. The City also carried a receivable from the Recreation Board in the amount of $6,069 for reimbursement for expenditures in excess of the budgeted amounts.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

Special Revenue Fund - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources and grants that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

Special Revenue Funds:

Grant Funds - FEMA - This fund is used to account for and report revenues and expenditures of an Assistance to Firefighters Grant.

Mill Project - This fund is used to account for and report revenues and expenditures related to the Cotton Mill Lofts Project.

2010 Community Development Block Grant - Housing - This fund is used to account for and report revenues and expenditures of a Community Development Block Grant for housing rehabilitation.

2009 Community Development Block Grant - This fund is used to account for and report revenues and expenditures of a Community Development Block Grant for water system improvements.

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

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

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

Hawkinsville Urban Redevelopment Agency - This fund is a blended component unit of the City and is used to account for and report revenues and expenditures related to improvement of substandard buildings within the City.

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

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

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

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

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

SPLOST Fire - This fund is used to account for and report the SPLOST revenues and expenditures to be used for fire department facilities and equipment.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

I. **CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS**: The City follows the practice of maintaining separate cash accounts for each fund except for funds invested in the Georgia Fund 1, which are pooled. Each Fund's portion of the Georgia Fund 1 is presented by fund in the combined balance sheet.

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

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

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

J. **RECEIVABLES**: The City does not normally record an allowance for doubtful accounts. The City has established an accounts receivable write off policy for its Enterprise Funds where all accounts over 180 days old are considered uncollectible for financial reporting purposes. These amounts are reflected as an operating expenditure, bad debt, in the financial statements. The City recorded a receivable of uncollected fines in the amount of $191,811. Due to the delinquent nature of these fines, the City recorded an allowance for uncollectibles in the amount of $191,811. The City has also recorded a receivable of $68,795 and an allowance for uncollectible related to the Mill Project from Landmark Properties, LLC.

K. **INTERFUND RECEIVABLES/PAYABLES**: Outstanding balances resulting in transactions between funds are reported as "due to/from other funds." To the extent that these balances are between governmental funds, they have been eliminated on the government-wide financial statements. Any residual balances between the governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances" and eliminated in the total primary government column.

L. **PROPERTY TAXES**: Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable by December 1. All unpaid taxes levied October 1, become delinquent after December 1, and fifa's are recorded on or after March 1.

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

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

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

N. **PREPAID ITEMS:** Payments made to vendors for services that benefit periods beyond June 30, 2011, are recorded as prepaid items.

O. **DEPOSITS:** Deposits at June 30, 2011, consisted of a $50 utility deposit paid by the Gas Fund.

P. **INVESTMENTS:**

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

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

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

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

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

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

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

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

R. **OPERATING/NONOPERATING ITEMS:** Proprietary funds distinguish between operating and nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. **COMPENSATED ABSENCES:** Vacation leave is earned by all permanent City employees at the rate of twelve days per year for the first ten years of service. After ten years of service, the employees earn at a rate of fifteen days per year. Vacation leave may be accumulated and carried over to a maximum of forty-five days per employee. Upon separation from the City, employees are entitled to accumulated vacation leave. At June 30, 2011, accrued vacation leave of $48,476 has been recorded in the government-wide Statement of Net Assets in the Governmental Activities and $45,577 in the proprietary fund financial statements, which represents the City's commitment to fund such cost from future operations. In governmental fund financial statements, the cost of vacation leave is recognized when due to employees.

T. **LONG-TERM OBLIGATIONS:** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

U. **NET ASSETS:** The government-wide and business-type financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

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

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

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

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

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

V. **OPERATING LEASES:** The City leases the "Spec" building to Sider-Oxydro, Inc. The monthly lease payment on this lease is $3,000 per month. Total amount of lease income for fiscal year 2011 totaled $36,001.

During 2002, the City discontinued operating the harness horse training facility and began leasing the facility to a third party. On September 13, 2010, the City entered into a lease for five years beginning September 1, 2010 and ending August 31, 2015, for use and operation of the training tracks, barns A through L, other buildings, camp area, and equipment. The lease requires payment of $100 per horse for each horse brought into the facility during the term of the lease. The lease is payable in two installments. On July 11, 2009, the City also entered into an annual lease of the arena and barns M through O. The lease requires payment of $5,500 due on the first day of the lease. The City recorded lease revenue of $21,500 during 2011.

W. **POST EMPLOYMENT HEALTH CARE BENEFITS:** Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. This program is offered for a duration of 18 months after the determination date. There is no cost to the City under this program. There were no former employees or eligible dependents participating in this plan as of June 30, 2011.

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

Primary Government

The City does not have a deposit policy for custodial credit risk. As of June 30, 2011, $-0- of the City's bank balance of $1,148,719 was exposed to custodial credit risk.

As of June 30, 2011, the City had invested $305 into the local government investment pool, Georgia Fund 1. The pool was created by O.C.G.A. 36-83-8 and is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. Georgia Fund 1 is the combined state general fund and local government investment pool. Regulatory oversight of the fund is provided by the Georgia Office of Treasury and Fiscal Services. The method used by the pool for reporting interest rate risk is 59 day WAM. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. Net asset value is calculated daily and reported to the rating agency weekly to ensure stability. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). The fair value of the City's position in the pool is the same as the value of the pool shares. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Investment policies for Georgia Fund 1 are established by the State Depository and investments may include certificates of deposit; prime bankers' acceptances; repurchase agreements; insured or guaranteed obligations of the United States government and its agencies; obligations of any states; and obligations of political subdivisions of the State of Georgia. The title to all investments, including collateral pledged to secure the investments, is held in the custody of the Director, Fiscal Division, Department of Administrative Services, State of Georgia, according to state law. Georgia Fund 1 deposits are not guaranteed or insured by any bank, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any State agency.

2. CUSTODIAL CREDIT RISK - DEPOSITS: (continued)

Discretely Presented Component Unit

The Hawkinsville Downtown Development Authority does not have a deposit policy for custodial credit risk. As of June 30, 2011, the Hawkinsville Downtown Development Authority's bank balance was 100% insured by the Federal Deposit Insurance Corporation.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund balances at June 30, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses or expenditures. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City's intention is to repay interfund balances within one year from the date of the financial statements.

	Payable from:	
Payable to:	General Fund	Total
Nonmajor Governmental Fund - Hotel / Motel Tax	$3,685	$3,685
Total	$3,685	$3,685

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

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	Transfers from:					
Transfers to:	General Fund	UDAG Grant	Water and Sewerage Fund	Gas Fund	Sanitation Fund	Total
General Fund	$ - - -	$- - -	$46,534	$526,860	$2,230	$575,624
Special Revenue - UDAG	75,522	- - -	30,000	40,000	2,646	148,168
Nonmajor Governmental Funds	6,226	8,307	- - -	- - -	- - -	14,533
Water and Sewerage Fund	2,158	- - -	- - -	6,927	1,823	10,908
Gas Fund	321	- - -	3,023	- - -	985	4,329
Sanitation Fund	19,508	- - -	370	30,110	- - -	49,988
Total	$103,735	$8,307	$79,927	$603,897	$7,684	$803,550

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

4. NOTE RECEIVABLE - MILL PROJECT:

During the year ended June 30, 2010, the City obtained a $485,000 note receivable from Landmark Properties, LLC (Landmark). This note is grant proceeds loaned to the developer, Landmark, to pay for environmental studies and testing and or environmental clean-up costs for the Mill Project. As of June 30, 2011, $434,567 has been advanced to Landmark. Unadvanced funds on this note at June 30, 2011, were $50,433. Due to the terms of this note, the City has recorded an allowance in the amount of $434,567.

A description of the note outstanding is as follows:

	Amount Due
Landmark:	
The note is a single payment note deferred for sixteen years including interest at 0% per annum. Payment in full will be due November 3, 2024.	$ 434,567
Allowance	(434,567)
Total notes receivable, net of allowance	$ - - -

5. NOTE RECEIVABLE - JOINTLY OWNED NATURAL GAS TRANSMISSION LINE:

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

A description of the note outstanding is as follows:

	Amount Due
JONGL:	
The note is due in 100 monthly installments of $7,125 including interest at 3% per annum. Payments began on October 7, 2004.	$303,803
Total notes receivable	$303,803

6. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2011, was as follows:

	Adjusted Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 710,984	$ - - -	$ - - -	$ - - -	$ 710,984
Buildings	643,590	- - -		- - -	643,590
Construction in progress	179,627	75,549	- - -	(179,627)	75,549
Total capital assets, not being depreciated	1,534,201	75,549	- - -	(179,627)	1,430,123
Capital assets, being depreciated:					
Buildings	3,845,241	- - -	- - -	- - -	3,845,241
Improvements other than buildings	932,653	- - -	- - -	- - -	932,653
Infrastructure	1,404,745	450,134	- - -	179,627	2,034,506
Machinery and equipment	620,303	40,000	351,764	- - -	308,539
Total capital assets, being depreciated	6,802,942	490,134	351,764	179,627	7,120,939
Less accumulated depreciation for:					
Buildings	754,317	87,338	- - -	- - -	841,655
Improvements other than buildings	259,505	34,443	- - -	- - -	293,948
Infrastructure	235,834	69,000	- - -	- - -	304,834
Machinery and equipment	512,143	40,701	286,397	- - -	266,447
Total accumulated depreciation	1,761,799	231,482	286,397	- - -	1,706,884
Total capital assets, being depreciated, net	5,041,143	258,652	65,367	179,627	5,414,055
Governmental activities capital assets, net	$6,575,344	$334,201	$ 65,367	$ - - -	$6,844,178

Also, the nondepreciable buildings and land consists of the Spec Building which was built by the City for development. The total original investment in the Spec Building was $1,656,622. During the year ended June 30, 2010, because the City had entered into an agreement to sell the Spec Building, the City recorded an impairment loss in the amount of $726,476 in the government-wide Statement of Activities to record the building at net realizable value of $930,146. As of June 30, 2011, there was no change in the net realizable value of the Spec Building.

6. **CAPITAL ASSETS: (continued)**

	Adjusted Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Business-type Activities:				
Capital assets, not being depreciated -				
Land	$ 382,677	$ - - -	$ - - -	$ 382,677
Total capital assets, not being depreciated	382,677	- - -	- - -	382,677
Capital assets, being depreciated:				
Buildings	4,111,993	- - -	- - -	4,111,993
Improvements other than buildings	735,776	- - -	- - -	735,776
Machinery and equipment	21,753,871	161,029	117,800	21,797,100
Total capital assets, being depreciated	26,601,640	161,029	117,800	26,644,869
Less accumulated depreciation for:				
Buildings	2,420,901	43,066	- - -	2,463,967
Improvements other than buildings	272,525	13,266	- - -	285,791
Machinery and equipment	18,126,154	456,171	35,994	18,546,331
Total accumulated depreciation	20,819,580	512,503	35,994	21,296,089
Total capital assets, being depreciated, net	5,782,060	(351,474)	81,806	5,348,780
Business-type activities capital assets, net	$ 6,164,737	$(351,474)	$ 81,806	$ 5,731,457

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

Governmental activities:	
General government	$172,676
Public safety:	
Fire protection	25,833
Animal control	613
Public works	32,360
Total depreciation expense - governmental activities	$231,482
Business-type activities:	
Water and Sewerage	$444,348
Gas	13,177
Training Facility	44,513
Sanitation	10,465
Total depreciation expense - business-type activities	$512,503

6. **CAPITAL ASSETS: (continued)**

Discretely Presented Component Unit

Capital asset activity for the Hawkinsville Downtown Development Authority for the year ended June 30, 2011, was as follows:

	Hawkinsville Downtown Development Authority			
	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, being depreciated - Machinery and equipment	$1,390	$- - -	$- - -	$1,390
Total capital assets, being depreciated	1,390	- - -	- - -	1,390
Less accumulated depreciation for - Machinery and equipment	927	278	- - -	1,205
Total accumulated depreciation	927	278	- - -	1,205
Total capital assets, being depreciated, net	463	(278)	- - -	185
Hawkinsville Downtown Development Authority, capital assets, net	$ 463	$ (278)	$- - -	$ 185

7. **SHORT-TERM OBLIGATIONS:**

Discretely Presented Component Unit

On December 21, 2006, the Hawkinsville Downtown Development Authority acquired an unsecured line of credit from PlantersFirst in the amount of $175,115. The note was renewed in August 2011 with a maturity date of August 29, 2012. The interest rate is a fixed rate of 5.50%. Interest and principal are due at maturity. This line of credit is to be used for the Pillowtex Cotton Mill Redevelopment. This line of credit will be repaid using funds received from the City of Hawkinsville, Georgia and will be renewed annually until paid in full.

Short-term debt activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Line of credit	$143,144	$- - -	$14,406	$128,738
Total short-term debt	$143,144	$- - -	$14,406	$128,738

8. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 57,716	$ - - -	$ 9,240	$ 48,476	$ 48,476
Notes payable - Hawkinsville Development Authority	642,768	- - -	97,386	545,382	94,279
Notes payable - Workforce Development Center	494,545	- - -	258,109	236,436	16,880
Capital leases payable	47,428	- - -	47,428	- - -	- - -
Total governmental activities	$1,242,457	$ - - -	$412,163	$ 830,294	$159,635
Business-type activities:					
Compensated absences	$ 41,224	$ 4,353	$ - - -	$ 45,577	$ 45,577
Notes payable	2,023,848	- - -	387,382	1,636,466	354,714
Capital lease payable	54,230	91,380	54,230	91,380	18,288
Post-closure care costs	123,508	- - -	8,543	114,965	5,286
Total business-type activities	$2,242,810	$95,733	$450,155	$1,888,388	$423,865

A. LONG-TERM OBLIGATIONS FOR GOVERNMENTAL ACTIVITIES:

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

Notes payable - Hawkinsville Development Authority - The Hawkinsville Development Authority, a blended component unit shown as a Special Revenue Fund, entered into a loan agreement with SunMark Community Bank to finance a speculative building on January 1, 2002. The note payable at June 30, 2011, consisted of the following:

SunMark Community Bank - $1,205,110 note due in 180 monthly installments of $8,963 including interest at 2.9%. This interest rate is variable and resets January 1 to the Wall Street Journal AAA quality tax free bonds rate plus 0.75%.	$545,382
Less current portion	94,279
Total long-term portion	$451,103

8. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Hawkinsville Development Authority note payable as of June 30, 2011, are as follows:

Year ending June 30,	Principal	Interest	Total
2012	$ 94,279	$13,278	$107,557
2013	95,741	11,816	107,557
2014	98,555	9,002	107,557
2015	101,451	6,106	107,557
2016	104,432	3,125	107,557
2017	50,924	417	51,341
Total	$545,382	$43,744	$589,126

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

Notes payable - Workforce Development Center - The City of Hawkinsville entered into a loan agreement with the United States Department of Agriculture (USDA) to finance the construction of the Workforce Development Center on December 29, 2006. The note requires the City to accumulate a reserve of one year's note payment of $27,224. As of June 30, 2011, the City has fully funded the reserve which is maintained in a separate bank account in the amount of $29,701. The note payable at June 30, 2011, consisted of the following:

USDA - $510,000 note due in forty annual installments of $27,224 including interest at 4.375%.	$236,436
Less current portion	16,880
Total long-term portion	$219,556

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2011, are as follows:

Year ending June 30,	Principal	Interest	Total
2012	$ 16,880	$10,344	$ 27,224
2013	17,618	9,606	27,224
2014	18,389	8,835	27,224
2015	19,194	8,030	27,224
2016	20,033	7,191	27,224
2017-2021	114,107	22,013	136,120
2022-2026	30,215	1,511	31,726
Total	$236,436	$67,530	$303,966

8. **LONG-TERM OBLIGATIONS: (continued)**

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

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

Notes and leases payable - Enterprise fund notes and leases payable at June 30, 2011, consisted of the following notes for water and wastewater system improvements and expansion:

Georgia Environmental Facilities Authority (GEFA) - $1,000,000 note due in eighty quarterly installments of $21,985, including interest at 6.25%.	$ 104,955
State Revolving Loan Fund (SRF) - $3,568,847 note due in eighty quarterly installments of $54,795 including interest at 2%.	481,045
Georgia Environmental Facilities Authority (GEFA) - $95,104 note due in 120 monthly installments of $967, including interest at 4.10%.	53,969
Georgia Environmental Facilities Authority (GEFA) - $735,697 note due in 240 monthly installments of approximately $3,722, including interest at 2.0%.	692,694
Total	1,332,663
Less current portion	335,109
Total long-term portion	$ 997,554

8. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Enterprise Fund notes and leases payable as of June 30, 2011, are as follows:

Year ending June 30,	GEFA Principal	GEFA Interest	GEFA Total	SRF Principal	SRF Interest	SRF Total
2012	$ 83,308	$ 4,632	$ 87,940	$211,135	$ 8,044	$219,179
2013	21,647	338	21,985	215,389	3,790	219,179
2014	- - -	- - -	- - -	54,521	273	54,794
2015	- - -	- - -	- - -	- - -	- - -	- - -
2016	- - -	- - -	- - -	- - -	- - -	- - -
2017-2021	- - -	- - -	- - -	- - -	- - -	- - -
2022-2026	- - -	- - -	- - -	- - -	- - -	- - -
2027-2030	- - -	- - -	- - -	- - -	- - -	- - -
Total	$ 104,955	$ 4,970	$ 109,925	$481,045	$ 12,107	$493,152

Year ending June 30,	GEFA Principal	GEFA Interest	GEFA Total	GEFA Principal	GEFA Interest	GEFA Total
2012	$ 9,575	$ 2,034	$ 11,609	$ 31,091	$ 13,570	$ 44,661
2013	9,975	1,634	11,609	31,719	12,942	44,661
2014	10,392	1,217	11,609	32,359	12,302	44,661
2015	10,826	783	11,609	33,012	11,649	44,661
2016	11,278	331	11,609	33,679	10,982	44,661
2017-2021	1,923	10	1,933	178,868	44,438	223,306
2022-2026	- - -	- - -	- - -	197,664	25,642	223,306
2027-2030	- - -	- - -	- - -	154,302	5,692	159,994
Total	$ 53,969	$ 6,009	$ 59,978	$692,694	$137,217	$829,911

Year ending June 30,	TOTALS Principal	TOTALS Interest	TOTALS Total
2012	$ 335,109	$ 28,280	$ 363,389
2013	278,730	18,704	297,434
2014	97,272	13,792	111,064
2015	43,838	12,432	56,270
2016	44,957	11,313	56,270
2017-2021	180,791	44,448	225,239
2022-2026	197,664	25,642	223,306
2027-2030	154,302	5,692	159,994
Total	$1,332,663	$160,303	$1,492,966

Note payable - One Georgia - On July 7, 2003, the City received approval for a loan from the One Georgia Authority in the amount of $500,000 to be used for Gas line improvements for the Jointly Owned Natural Gas Line (JONGL). The City disbursed these funds to JONGL. The note payable to One Georgia at June 30, 2011, consisted of the following:

One Georgia Authority - $500,000 note due in one hundred quarterly installments of $7,125 including interest at 3%.	$303,803
Less current portion	19,605
Total long-term portion	$284,198

8. **LONG-TERM OBLIGATIONS: (continued)**

The annual debt service requirements to maturity, including principal and interest, for the One Georgia Authority note payable as of June 30, 2011, are as follows:

Year ending June 30,	Principal	Interest	Total
2012	$ 19,605	$ 8,895	$ 28,500
2013	20,200	8,300	28,500
2014	20,813	7,687	28,500
2015	21,445	7,055	28,500
2016	22,095	6,405	28,500
2017-2021	120,978	21,524	142,502
2022-2026	78,667	3,766	82,433
Total	$303,803	$63,632	$367,435

Capital lease payable - During the year ended June 30, 2011, the City entered into a capital lease through the Georgia Municipal Association with BB&T Governmental Finance for the purchase of a 2010 Loadmaster garbage truck. This asset is recorded as machinery and equipment and totaled $154,380 at June 30, 2011. Capital notes payable consisted of the following at June 30, 2011:

BB&T Governmental Finance - Collateralized by a 2010 Loadmaster garbage truck for $91,380, due in five annual installments of $19,795, including interest at 3.28%.	$91,380
Less current portion	18,288
Total long-term portion	$73,092

8. **LONG-TERM OBLIGATIONS: (continued)**

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 2011:

Year ending June 30,	
2012	$19,795
2013	19,795
2014	19,795
2015	19,795
2016	19,795
Total minimum lease payments	98,975
Less amount representing interest	7,595
Present value of minimum lease payments	$91,380

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

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

The City has provided one-half of the cost to place a final cover on the landfill and monitoring costs to date. The remaining cost to monitor the landfill is estimated to be $114,965 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2011, these expenses were estimated by the City's outside engineering firm and do not specifically include any estimates due to the effect of inflation or deflation, technology, or changes in applicable laws or regulations. During the current year, actual postclosure expenses of $8,543 were paid.

The post-closure care costs requirements as of June 30, 2011 are as follows:

Year ending June 30,	
2012	$ 5,286
2013	5,286
2014	5,286
2015	5,286
2016	5,286
2017-2021	26,429
2022-2026	26,429
2027-2031	26,429
2032	9,248
Total	$114,965

9. **VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:**

A. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS** - The following funds had expenditures in excess of appropriations for the year ended June 30, 2011, as follows:

	Expenditures	Appropriations	Variance
General Fund -			
Debt service -			
Principal	$ 14,801	$ 14,800	$ 1
Special Revenue Fund -			
UDAG Grant Fund -			
Community and			
economic development	$161,382	$158,340	$3,042

The City does not consider these excess expenditures over appropriations to be material.

10. **RESTRICTED NET ASSETS:**

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

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted for:			
Debt Service	$108,676	$ - - -	$108,676
Capital projects	214,294	- - -	214,294
Community and economic development	- - -	4,615	4,615
Recorder's Court	- - -	15,767	15,767
Training facility improvements	- - -	248	248
Cemetery:			
Expendable	- - -	911	911
Nonexpendable	- - -	5,000	5,000
Total restricted net assets - Governmental Activities	$322,970	$26,541	$349,511

11. **SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:**

The City's Water and Sewerage Fund, Gas Fund, and Sanitation Fund provide utility and garbage service to the community. The City's receivable from two commercial customers amounted to $160,905. Also, these two commercial customers accounted for approximately 40.94% of the total charges for services in these funds.

12. 2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

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

13. 2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

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

14. DEFERRED COMPENSATION PLAN:

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

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

15. PENSION PLAN:

Plan Description - The City's defined benefit plan, City of Hawkinsville Retirement Plan (Plan), is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System Retirement Fund (GMEBS) an agent multi-employer pension fund. The Plan was established by a City ordinance under authority of Georgia law. The authority to establish and amend the benefit provisions of the Plan rests with the City. The Plan provides retirement benefits to full time employees (at least 30 hours per week) of the City employed since September 1, 1970, and City officials elected since October 1, 1973. Employees are considered vested after 10 years and City officials are vested immediately. The GMEBS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained at City Hall in Hawkinsville, Georgia, or by contacting the Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, S. W., Atlanta, Georgia 30303.

Current membership in the Plan is comprised of the following:

Group	January 1, 2011
Retirees and beneficiaries currently receiving benefits	30
Vested terminated employees	15
Active employees:	
Fully vested	29
Nonvested	12
Total membership in the plan	86

Funding Policy - The plan is noncontributory for plan members; however, the City's funding policy for the Plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 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, if applicable, are closed for this plan year. The contribution requirement for the year ended June 30, 2011, was $105,977, which was 9.73% of the covered payroll. The amount of the current year covered payroll is $1,088,779.

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $105,977. The GMEBS Board of Trustees has adopted an actuarial funding policy which requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

15. **PENSION PLAN: (continued)**

Annual Pension Cost - The City's annual pension cost for the current year and related information is as follows:

Annual pension cost	$139,367
Contributions made	$113,306
Actuarial valuation date	January 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar (closed)
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of the actuarial value at the 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 end of year. Actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Changes to Assumptions and Methods since preceding year - The plan provisions and the actuarial assumptions and cost methods are the same as those used in the preceding year.

Actuarial Assumptions - The significant actuarial assumptions used in the current valuation are:

Investment rate of return	7.75% per year
Projected salary increases	3.50% per year
Cost of living adjustments	0.00% per year
Postretirement benefit increases	Not applicable
Inflation rate	Included in salary increases

Three Year Trend Information

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/09	$171,227	100.0%	$- - -
06/30/10	139,367	100.0%	- - -
06/30/11	133,646	100.0%	- - -

15. **PENSION PLAN: (continued)**

Funded Status and Funding Progress - The funded status of the plan for the current year is as follows:

Actuarial valuation date	January 1, 2011
Actuarial value of assets	$2,529,403
Actuarial accrued liability (AAL)	$2,848,439
Actuarial value of assets as percentage of AAL	88.80%
Unfunded actuarial accrued liability (UAAL)	$319,036
Annual covered payroll	$1,088,779
UAAL as percentage of annual covered payroll	29.30%

The schedule of funding progress, presented as RSI following the notes to the financials statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

16. **RISK MANAGEMENT:**

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

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

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

16. **RISK MANAGEMENT: (continued)**

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

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the realm of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

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

17. **COMMITMENTS AND CONTINGENCIES:**

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

The City was a defendant in lawsuits at June 30, 2011. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

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

The City and its component unit, the Hawkinsville Downtown Development Authority (HDDA) have committed $808,800 of finance assistance to the Redevelopment/Adaptive reuse of the former Pillowtex plant for quality affordable housing known as the Cotton Mill Lofts. The commitment will be fulfilled by the City issuing a zero rate loan of $648,800 for 30 years. The loan will be funded by the City from a $500,000 Redevelopment Fund Grant, $135,300 of in-kind services for the demolition and up-fit, and $13,500 of fees paid for appraisal and low income housing tax credit application. The remainder of the commitment will be funded by the HDDA issuing a loan of $160,000 with a term of 20 years and an interest rate of 5.25%.

17. **COMMITMENTS AND CONTINGENCIES: (continued)**

The City has received notification that the Redevelopment Fund Grant has been approved. The grant proceeds are to be used as a loan to the developer to pay for environmental studies and testing and or environmental clean-up costs of $485,000 and $15,000 for grant administration. During fiscal year ended June 30, 2011, the City has advanced funds for environmental clean-up costs of $434,567 and recorded a note receivable from the developer, Landmark Properties, LLC as discussed in Note 5.

The HDDA has obtained local financing to fund its commitment of $160,000. The financing has been used during the prior year to pay $146,319 of environmental studies and testing. These funds are to be loaned to the project under the terms of the commitment; however, at June 30, 2011, a loan agreement has not been issued. The City has budgeted $25,000 for the 2011-2012 fiscal year to fund the HDDA.

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

During the year ended June 30, 2009, the HDDA sold land in the amount of $35,729 to the Middle Georgia Regional Development Authority. An account receivable in the amount of $35,729 was recorded.

During the year ended June 30, 2010, the City entered into an agreement with Pulaski County, Georgia (County) to provide police protection within the City limits of Hawkinsville, Georgia beginning July 1, 2009. The City agreed to pay the County $43,333 per month which may be adjusted annually.

During the year ended June 30, 2010, the City received notification of approval of a HOPE VI Main Street grant from the U.S. Department of Housing and Urban Development in the amount of $1,000,000. This grant is to be used to construct 11 housing units in the non-historic building adjacent to the proposed community market. This is a new component of the Pillowtex Redevelopment. As of June 30, 2011, no funds have been expended on this project.

The City has committed to pay the University of Georgia $50,000 to participate in the Archway Partnership Project.

The City has agreed to a consent order to pay the Georgia Department of Natural Resources Environmental Protection Division $4,892 in four payments. As of June 30, 2011, no payment has been made on this order.

During the year ended June 30, 2011, the City entered into an agreement with Pulaski County, Georgia (County) to provide fire protection and emergency management services within the City limits of Hawkinsville, Georgia beginning July 1, 2011. The City agreed to pay the County $15,158 per month which may be adjusted annually. As a condition of this agreement, the City transferred all firefighting equipment and vehicles used by the Fire Department to the County.

18. SUBSEQUENT EVENTS:

Subsequent to year end, the City has awarded a contract in the amount of $48,577 to Maddox M & R Testing, Inc. to install a new 4 inch gas main for Hollingsworth & Vose.

Subsequent to year end, the City received notification of approval of a Georgia Recreational Trails Program grant from the U.S. Department of Natural Resources in the amount of $100,000 for a Hawkinsville-Pulaski Riverwalk Trail.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF FUNDING PROGRESS -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
03/01/2009	$1,837,071	$2,442,061	75.23%	$604,990	$1,248,151	48.47%
03/01/2010	2,381,448	2,681,941	88.80%	300,493	1,284,052	23.40%
01/01/2011	2,529,403	2,848,439	88.80%	319,036	1,088,779	29.30%

NOTE: See assumptions for this schedule disclosed in the notes to the basic financial statements.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	$1,616,495	$1,608,105	$1,591,204	$ (16,901)
Licenses and permits	98,075	95,720	89,548	(6,172)
Intergovernmental	123,525	128,845	113,232	(15,613)
Fines and forfeitures	80,000	77,200	70,312	(6,888)
Interest	2,200	4,855	3,688	(1,167)
Miscellaneous	17,450	16,550	23,155	6,605
Total revenues	1,937,745	1,931,275	1,891,139	(40,136)
EXPENDITURES:				
General government:				
Administration	953,550	957,130	917,489	39,641
Emergency Management Agency	82,000	86,325	80,803	5,522
Recreation Board	68,600	68,600	68,600	- - -
Library Board	16,800	16,800	16,800	- - -
Public safety:				
Fire protection	167,880	186,855	179,174	7,681
Law enforcement	593,490	628,750	624,716	4,034
Animal control	52,880	59,970	55,140	4,830
Public works	379,495	393,540	372,334	21,206
Community and economic development	60,085	59,740	57,536	2,204
Debt service:				
Principal	14,800	14,800	14,801	(1)
Interest	630	630	627	3
Total expenditures	2,390,210	2,473,140	2,388,020	85,120
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(452,465)	(541,865)	(496,881)	44,984
OTHER FINANCING SOURCES (USES):				
Transfers in	452,465	676,390	575,624	(100,766)
Transfers out	- - -	(134,525)	(103,735)	30,790
Total other financing sources (uses)	452,465	541,865	471,889	(69,976)
NET CHANGE IN FUND BALANCES	- - -	- - -	(24,992)	(24,992)
FUND BALANCE - BEGINNING	224,060	224,060	224,060	- - -
FUND BALANCE - ENDING	$ 224,060	$ 224,060	$ 199,068	$ (24,992)

See notes to required supplementary information.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - UDAG GRANT
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ 200	$ 210	$ 212	$ 2
Miscellaneous	36,000	36,000	36,001	1
Total revenues	36,200	36,210	36,213	3
EXPENDITURES -				
Community and economic development	334,405	158,340	161,382	(3,042)
Total expenditures	334,405	158,340	161,382	(3,042)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(298,205)	(122,130)	(125,169)	(3,039)
OTHER FINANCING SOURCES (USES):				
Transfers in	319,430	178,225	148,168	(30,057)
Transfers out	(21,225)	(56,095)	(8,307)	47,788
Total other financing sources (uses)	298,205	122,130	139,861	17,731
NET CHANGE IN FUND BALANCES	- - -	- - -	14,692	14,692
FUND BALANCE - BEGINNING	1,634,654	1,634,654	1,634,654	- - -
FUND BALANCE - ENDING	$1,634,654	$1,634,654	$1,649,346	$ 14,692

See notes to required supplementary information.

1. BUDGETARY POLICY:

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

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

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

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

The individual major fund which had expenditures in excess of appropriations for the year ended June 30, 2011, is as follows:

	Expenditures	Appropriations	Variance
General Fund -			
Debt service -			
Principal	$ 14,801	$ 14,800	$ 1
Special Revenue Fund -			
UDAG Grant Fund -			
Community and			
economic development	$161,382	$158,340	$3,042

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GRANT FUNDS - FEMA	MILL PROJECT	2010 CDBG - HOUSING	2009 CDBG	CEMETERY FUND	HOTEL / MOTEL TAX	HAWKINSVILLE DEVELOPMENT AUTHORITY	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	2010 SPLOST	GENERAL SPLOST	SPLOST FIRE	WORKFORCE DEVELOPMENT CENTER	
ASSETS													
Cash - financial institutions	$- - -	$- - -	$25,050	$ - - -	$5,899	$- - -	$ 150	$4,465	$ 83,226	$26,549	$- - -	$113,891	$259,230
Receivables:													
Interest	- - -	- - -	- - -	- - -	12	- - -	- - -	- - -	- - -	- - -	- - -	- - -	12
Intergovernmental	- - -	929	- - -	49,509	- - -	- - -	- - -	- - -	105,576	- - -	- - -	- - -	156,014
Interfund balances	- - -	- - -	- - -	- - -	- - -	3,685	- - -	- - -	- - -	- - -	- - -	- - -	3,685
Total assets	$- - -	$ 929	$25,050	$49,509	$5,911	$3,685	$ 150	$4,465	$188,802	$26,549	$- - -	$113,891	$418,941
LIABILITIES AND FUND BALANCES													
LIABILITIES:													
Accounts payable	$- - -	$ 929	$25,000	$49,509	$- - -	$3,685	$- - -	$- - -	$ - - -	$ 1,057	$- - -	$ - - -	$ 80,180
Deferred revenue	- - -	- - -	50	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	50
Total liabilities	- - -	929	25,050	49,509	- - -	3,685	- - -	- - -	- - -	1,057	- - -	- - -	80,230
FUND BALANCE:													
Nonspendable - Cemetery fund principal	- - -	- - -	- - -	- - -	5,000	- - -	- - -	- - -	- - -	- - -	- - -	- - -	5,000
Restricted for:													
Community and economic development	- - -	- - -	- - -	- - -	- - -	- - -	150	4,465	- - -	- - -	- - -	- - -	4,615
Capital projects	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	188,802	25,492	- - -	- - -	214,294
Debt service	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	113,891	113,891
Cemetery improvements	- - -	- - -	- - -	- - -	911	- - -	- - -	- - -	- - -	- - -	- - -	- - -	911
Total fund balances (deficits)	- - -	- - -	- - -	- - -	5,911	- - -	150	4,465	188,802	25,492	- - -	113,891	338,711
Total liabilities and fund balances	$- - -	$ 929	$25,050	$49,509	$5,911	$3,685	$ 150	$4,465	$188 802	$26,549	$- - -	$113,891	$418,941

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS BALANCES - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GRANT FUNDS - FEMA	MILL PROJECT	2010 CDBG - HOUSING	2009 CDBG	CEMETERY FUND	HOTEL / MOTEL TAX	HAWKINSVILLE DEVELOPMENT AUTHORITY	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	2010 SPLOST	GENERAL SPLOST	SPLOST FIRE	WORKFORCE DEVELOPMENT CENTER	
REVENUES:													
Taxes	$ - - -	$ - - -	$ - - -	$ - - -	$- - -	$22,335	$ - - -	$- - -	$ - - -	$ - - -	$ - - -	$ - - -	$ 22,335
Intergovernmental	118,299	31,041	41,300	323,655	- - -	- - -	- - -	- - -	300,334	- - -	10,431	19,167	844,227
Interest	- - -	- - -	- - -	- - -	82	- - -	- - -	- - -	227	95	22	176	602
Total revenues	118,299	31,041	41,300	323,655	82	22,335	- - -	- - -	300,561	95	10,453	19,343	867,164
EXPENDITURES:													
Current:													
General government	- - -	- - -	- - -	- - -	- - -	22,335	- - -	- - -	- - -	- - -	- - -	- - -	22,335
Public safety - Fire protection	124,525	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	124,525
Public works	- - -	- - -	- - -	309,892	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	309,892
Community and economic development	- - -	- - -	41,300	- - -	- - -	- - -	5,181	- - -	- - -	- - -	- - -	- - -	46,481
Capital outlay:													
General government	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	108,342	3,409	- - -	- - -	111,751
Public safety - Fire protection	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	15,820	- - -	15,820
Culture and recreation	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	3,417	- - -	- - -	- - -	3,417
Community and economic development	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	107,450	- - -	- - -	107,450
Debt service:													
Principal	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	32,627	258,109	290,736
Interest	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	1,648	19,115	20,763
Total expenditures	124,525	- - -	41,300	309,892	- - -	22,335	5,181	- - -	111,759	110,859	50,095	277,224	1,053,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,226)	31,041	- - -	13,763	82	- - -	(5,181)	- - -	188,802	(110,764)	(39,642)	(257,881)	(186,006)
OTHER FINANCING SOURCES (USES):													
Accounts receivable allowance	- - -	(3,127)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	(3,127)
Note receivable allowance	- - -	(2,550)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	(2,550)
Note receivable discount	- - -	(28,490)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	(28,490)
Transfers in	6,226	3,126	- - -	- - -	- - -	- - -	5,181	- - -	- - -	- - -	- - -	- - -	14,533
Total other financing sources (uses)	6,226	(31,041)	- - -	- - -	- - -	- - -	5,181	- - -	- - -	- - -	- - -	- - -	(19,634)
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	13,763	82	- - -	- - -	- - -	188,802	(110,764)	(39,642)	(257,881)	(205,640)
FUND BALANCE (DEFICIT) - BEGINNING	- - -	- - -	- - -	(13,763)	5,829	- - -	150	4,465	- - -	136,256	39,642	371,772	544,351
FUND BALANCE (DEFICIT) - ENDING	$ - - -	$ - - -	$ - - -	$ - - -	$5,911	$ - - -	$ 150	$4,465	$188,802	$ 25,492	$ - - -	$ 113,891	$ 338,711

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - GRANT FUNDS - FEMA
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$118,300	$118,300	$118,299	$ (1)
Total revenues	118,300	118,300	118,299	(1)
EXPENDITURES -				
Public safety -				
Fire protection	124,525	124,525	124,525	- - -
Total expenditures	124,525	124,525	124,525	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,225)	(6,225)	(6,226)	(1)
OTHER FINANCING SOURCES (USES) -				
Transfers in	6,225	6,225	6,226	1
Total other financing sources (uses)	6,225	6,225	6,226	1
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE (DEFICIT) - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE (DEFICIT) - ENDING	$ - - -	$ - - -	$ - - -	$- - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - MILL PROJECT
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$ 100,000	$ 86,475	$ 31,041	$(55,434)
Total revenues	100,000	86,475	31,041	(55,434)
EXPENDITURES -				
Community and economic development	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	- - -
EXCESS (DEFICIENCY)OF REVENUES OVER (UNDER) EXPENDITURES	100,000	86,475	31,041	(55,434)
OTHER FINANCING SOURCES (USES):				
Accounts receivable allowance	- - -	- - -	(3,127)	(3,127)
Notes receivable allowance	(110,000)	(91,475)	(2,550)	88,925
Notes receivable discount	- - -	- - -	(28,490)	(28,490)
Transfers in	10,000	5,000	3,126	(1,874)
Total other financing sources (uses)	(100,000)	(86,475)	(31,041)	55,434
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - 2010 CDBG - HOUSING
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental revenues	$150,000	$150,000	$41,300	$(108,700)
Total revenues	150,000	150,000	41,300	(108,700)
EXPENDITURES -				
Community and economic development	150,000	150,000	41,300	108,700
Total expenditures	150,000	150,000	41,300	108,700
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - 2009 CDBG
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$332,015	$333,840	$323,655	$(10,185)
Total revenues	332,015	333,840	323,655	(10,185)
EXPENDITURES -				
Public works	337,015	343,840	309,892	33,948
Total expenditures	337,015	343,840	309,892	33,948
EXCESS (DEFICIENCY)OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(10,000)	13,763	23,763
OTHER FINANCING SOURCES (USES) -				
Transfers in	5,000	10,000	- - -	(10,000)
Total other financing sources (uses)	5,000	10,000	- - -	(10,000)
NET CHANGE IN FUND BALANCES	- - -	- - -	13,763	13,763
FUND BALANCE (DEFICIT) - BEGINNING	(13,763)	(13,763)	(13,763)	- - -
FUND BALANCE (DEFICIT) - ENDING	$(13,763)	$(13,763)	$ - - -	$ 13,763

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 130	$ 100	$ 82	$ (18)
Total revenues	130	100	82	(18)
EXPENDITURES -				
Public works	130	100	- - -	100
Total expenditures	130	100	- - -	100
NET CHANGE IN FUND BALANCES	- - -	- - -	82	82
FUND BALANCE - BEGINNING	5,829	5,829	5,829	- - -
FUND BALANCE - ENDING	$5,829	$5,829	$5,911	$ 82

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HOTEL / MOTEL TAX
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Taxes	$25,000	$24,000	$22,335	$(1,665)
Total revenues	25,000	24,000	22,335	(1,665)
EXPENDITURES -				
General government	25,000	24,000	22,335	1,665
Total expenditures	25,000	24,000	22,335	1,665
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HAWKINSVILLE DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$ - - -	$ - - -	$ - - -	$ - - -
Total revenues	- - -	- - -	- - -	- - -
EXPENDITURES -				
Community and economic development	1,005,500	5,500	5,181	319
Total expenditures	1,005,500	5,500	5,181	319
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,005,500)	(5,500)	(5,181)	319
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	1,000,000	- - -	- - -	- - -
Transfers in	5,500	5,500	5,181	(319)
Total other financing sources (uses)	1,005,500	5,500	5,181	(319)
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	150	150	150	- - -
FUND BALANCE - ENDING	$ 150	$ 150	$ 150	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HAWKINSVILLE URBAN REDEVELOPMENT AGENCY
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Miscellaneous	$ 850	$ 850	$- - -	$ (850)
Total revenues	850	850	- - -	(850)
EXPENDITURES -				
Community and economic development	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	- - -
NET CHANGE IN FUND BALANCES	850	850	- - -	(850)
FUND BALANCE - BEGINNING	4,465	4,465	4,465	- - -
FUND BALANCE - ENDING	$5,315	$5,315	$4,465	$ (850)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND - 2010 SPLOST
FOR THE PERIOD ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,600,000	$3,600,000	$300,334	$(3,299,666)
Interest	12,000	12,000	227	(11,773)
Total revenues	3,612,000	3,612,000	300,561	(3,311,439)
EXPENDITURES:				
Capital outlay:				
General government	2,662,000	2,662,000	108,342	2,553,658
Public safety -				
Fire protection	325,000	325,000	- - -	325,000
Culture and recreation	625,000	625,000	3,417	621,583
Total expenditures	3,612,000	3,612,000	111,759	3,500,241
NET CHANGES IN FUND BALANCES	- - -	- - -	188,802	188,802
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$188,802	$ 188,802

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND - GENERAL SPLOST
FOR THE PERIOD ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$340,000	$340,000	$300,235	$(39,765)
Interest	- - -	- - -	7,787	7,787
Total revenues	340,000	340,000	308,022	(31,978)
EXPENDITURES:				
Capital outlay:				
General government	75,000	75,000	57,348	17,652
Public works	150,000	150,000	149,946	54
Community and economic development	115,000	115,000	115,000	- - -
Total expenditures	340,000	340,000	322,294	17,706
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(14,272)	(14,272)
OTHER FINANCING SOURCES (USES) -				
Transfers in	- - -	- - -	39,764	39,764
Total other financing sources (uses)	- - -	- - -	39,764	39,764
NET CHANGES IN FUND BALANCES	- - -	- - -	25,492	25,492
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 25,492	$ 25,492

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND - SPLOST FIRE
FOR THE PERIOD ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$ 250,000	$ 250,000	$ 250,000	$- - -
Interest	2,812	2,812	2,529	(283)
Total revenues	252,812	252,812	252,529	(283)
EXPENDITURES -				
Capital outlay -				
Public safety -				
Fire protection	401,000	401,000	400,717	283
Total expenditures	401,000	401,000	400,717	283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,188)	(148,188)	(148,188)	- - -
OTHER FINANCING SOURCES (USES) -				
Capital leases	148,188	148,188	148,188	- - -
Total other financing sources (uses)	148,188	148,188	148,188	- - -
NET CHANGES IN FUND BALANCES	- - -	- - -	- - -	
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$- - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
DEBT SERVICE FUND - WORKFORCE DEVELOPMENT CENTER
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$ 26,940	$277,045	$ 19,167	$(257,878)
Interest	285	180	176	(4)
Total revenues	27,225	277,225	19,343	(257,882)
EXPENDITURES -				
Debt service:				
Principal	5,590	258,110	258,109	1
Interest	21,635	19,115	19,115	- - -
Total expenditures	27,225	277,225	277,224	1
NET CHANGES IN FUND BALANCES	- - -	- - -	(257,881)	(257,881)
FUND BALANCE - BEGINNING	371,772	371,772	371,772	- - -
FUND BALANCE - ENDING	$371,772	$371,772	$ 113,891	$(257,881)

CITY OF HAWKINSVILLE, GEORGIA
SUMMARY OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED JUNE 30, 2011

The City of Hawkinsville contractually expended the tax by remitting to the Hawkinsville Pulaski Chamber of Commerce, Inc., 100% of the hotel/motel tax receipts received by the City of Hawkinsville. The City of Hawkinsville received audit verification that the expenditures by the Hawkinsville Pulaski Chamber of Commerce, Inc. were in conformity with the requirements of O.C.G.A. 48-13-51.

Amount of tax receipts	$22,335
Amount contractually expended	$22,335
% of revenue collected	100%

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2004 SPLOST
FOR THE YEAR ENDED JUNE 30, 2011

	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Partial cost of Workforce Development Center	$ 460,000	$460,000	$ - - -	$ 460,000	100.00%
Fire Department facilities and equipment	250,000	235,060	17,468	252,528	101.01%
New office computer equipment	75,000	53,938	3,409	57,347	76.46%
Street improvements and Purchase of equipment	150,000	149,946	- - -	149,946	99.96%
Economic Development improvements at Industrial Park	115,000	7,550	107,450	115,000	100.00%
Totals	$1,050,000	$906,494	$128,327	$1,034,821	

NOTE: Prior year expenditures have been restated to reflect the removal of Recreation Board expenditures which are recorded on Pulaski County, Georgia in accordance with an intergovernmental agreement.

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

Reconciliation of SPLOST schedule to Governmental Funds Expenditures:

Total expenditures per Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - General SPLOST	$110,859
Total expenditures per Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds - SPLOST Fire	50,095
Less - Principal repayments not shown as expenditures	32,627
Total Current Year Expenditures per Schedule of Projects - 2004 SPLOST	$128,327

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2010 SPLOST
FOR THE YEAR ENDED JUNE 30, 2011

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
Fire and Police Department equipment	$ 250,000	$- - -	$ - - -	$ - - -	0.00%
New City Hall	1,000,000	- - -	- - -	- - -	0.00%
Upgrade of City property and equipment	1,500,000	- - -	108,342	108,342	7.22%
Opera House repairs	250,000	- - -	3,417	3,417	1.37%
Renovation of the old firehouse on Broad Street	75,000	- - -	- - -	- - -	0.00%
Capital projects matching grant funds	150,000	- - -	- - -	- - -	0.00%
Totals	$3,225,000	$- - -	$111,759	$111,759	

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

CITY OF HAWKINSVILLE, GEORGIA
AWARD NO. 01gp-116-2-4008
ONEGEORGIA SCHEDULE OF SOURCE AND USE OF FUNDS
FOR THE PERIOD ENDED JUNE 30, 2011

Loan proceeds received	$500,000
Loan payments made during fiscal year ended June 30, 2004	10,201
Balance at June 30, 2004	489,799
Loan payments made during fiscal year ended June 30, 2005	10,433
Balance at June 30, 2005	479,366
Loan payments made during fiscal year ended June 30, 2006	17,916
Balance at June 30, 2006	461,450
Loan payments made during fiscal year ended June 30, 2007	14,823
Balance at June 30, 2007	446,627
Loan payments made during fiscal year ended June 30, 2008	29,656
Balance at June 30, 2008	416,971
Loan payments made during fiscal year ended June 30, 2009	27,888
Balance at June 30, 2009	389,083
Loan payments made during fiscal year ended June 30, 2010	22,789
Balance at June 30, 2010	366,294
Loan payments made during fiscal year ended June 30, 2011	62,491
Balance at June 30, 2011	$303,803

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM
GRANT NUMBER 03gq-116-2-4170
FOR THE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2006 Equity Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from OneGeorgia	$500,000
Less: OneGeorgia Funds Expended by Recipient	500,000
Amount of Fiscal Year 2007 Equity Funds held by Recipient	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
ONEGEORGIA AUTHORITY EQUITY GRANT
GRANT NUMBER 03gq-116-2-4170
FOR THE PERIOD ENDED JUNE 30, 2011

Program Activity	OneGeorgia Activity Number	Latest Approved OneGeorgia Budget	Accumulative OneGeorgia Expenditures to Date	Accumulative Expenditures to Date (other funds)	Grand Total of Expenditures to Date	Questioned Costs (Explain in Remarks)
Building Construction	G70-1302-1	$500,000	$500,000	$1,487,318	$1,987,318	NONE
In-kind Contributions	G70-1302-1	- - -	- - -	141,823	141,823	NONE
		$500,000	$500,000	$1,629,141	$2,129,141	

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT REDEVELOPMENT PROGRAM
GRANT NUMBER 06RD-X-116-2-3285
FOR THE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2006 CDBG Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from DCA	$434,567
Less: CDBG Funds Expended by Recipient	434,567
Amount of Fiscal Year 2006 CDBG Funds held by Recipient	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT REDEVELOPMENT PROGRAM
GRANT NUMBER 06rd-x-116-2-3285
FOR THE PERIOD ENDED JUNE 30, 2011

Program Activity	CDBG Activity Number	Latest Approved Budget CDBG Funds	Accumulative CDBG Expenditures to Date	Accumulative Expenditures to Date (Other Funds)	Grand Total of Expenditures to Date	Questioned Costs (Explain in Remarks)
Public Facilities and Improvements	E-17B-00	$485,000	$421,567	$65,668	$487,235	NONE
Administration	A-21A-00	15,000	13,000	- - -	13,000	NONE
		$500,000	$434,567	$65,668	$500,235	

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT STIMULUS PROGRAM WATER IMPROVEMENTS
GRANT NUMBER 09-cr-5109
FOR THE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2009 CDBG Funds Awarded to Recipient	$499,703
Total Amount Drawdown by Recipient from DCA	$489,519
Less: CDBG Funds Expended by Recipient	497,073
Amount of Fiscal Year 2009 CDBG Funds held by (due to) Recipient	$ (7,554)

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT STIMULUS PROGRAM WATER IMPROVEMENTS
GRANT NUMBER 09-cr-5109
FOR THE PERIOD ENDED JUNE 30, 2011

Program Activity	CDBG Activity Number	Latest Approved Budget CDBG Funds	Accumulative CDBG Expenditures to Date	Accumulative Expenditures to Date (Other Funds)	Grand Total of Expenditures to Date	Questioned Costs (Explain in Remarks)
Construction	P-03J-01	$429,368	$443,408	$5,003	$448,411	NONE
Engineering	T-020-00	46,335	29,665	- - -	29,665	NONE
Administration	A-21A-00	24,000	24,000	- - -	24,000	NONE
		$499,703	$497,073	$5,003	$502,076	

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT HOUSING PROGRAM
GRANT NUMBER 10h-x-116-2-5264
FOR THE PERIOD ENDED JUNE 30, 2011

Total Fiscal Year 2010 CDBG Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from DCA	$ 41,350
Less: CDBG Funds Expended by Recipient	41,300
Amount of Fiscal Year 2009 CDBG Funds held by Recipient	$ 50

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT HOUSING PROGRAM
GRANT NUMBER 10h-x-116-2-5264
FOR THE PERIOD ENDED JUNE 30, 2011

Program Activity	CDBG Activity Number	Latest Approved Budget CDBG Funds	Accumulative CDBG Expenditures to Date	Accumulative Expenditures to Date (Other Funds)	Grand Total of Expenditures to Date	Questioned Costs (Explain in Remarks)
Acquisition of Property (Public)	H-001-01	$ 2,500	$ - - -	$- - -	$ - - -	NONE
Clearance	H-004-00	9,000	- - -	- - -	- - -	NONE
Contingencies - Unprogramed Funds	C-022-00	41,246	- - -	- - -	- - -	NONE
Rehabilitation of Private Properties	H-14A-01	412,254	36,350	- - -	36,350	NONE
Administration	A-21A-00	35,000	4,950	- - -	4,950	NONE
		$500,000	$41,300	$- - -	$41,300	

OTHER REQUIRED REPORTS

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

Board of Commissioners
City of Hawkinsville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining information of the City of Hawkinsville, Georgia as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2011. The report on the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund was qualified because capital assets acquired prior to June 30, 1981, were capitalized at appraised values. The effects of these departures cannot be reasonably determined. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Hawkinsville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item number 2009-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

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

The City of Hawkinsville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Hawkinsville, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Commissioners, management, the State of Georgia, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Giddens, Bennett & Company, P.C.

GIDDENS, BENNETT & COMPANY, P. C.

December 29, 2011

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development			
Passed through State of Georgia- Department of Community Affairs:			
Community Development Block Grants- Housing	14.228	10h-x-116-2-5264	$ 41,300
Community Development Block Grants- Redevelopment	14.228	06rd-x-116-2-3285	31,041
ARRA-Community Development Block Grants- Stimulus Program-Water Improvements	14.255	09-cr-5109	317,446
Total Department of Housing and Urban Development			$ 389,787
Department of the Interior			
Passed through State of Georgia- Department of Natural Resources: National Park Service- Historic Preservation Fund Grants in Aid	15.904	13-09-21816	$ 6,000
Total Department of the Interior			$ 6,000
Department of Homeland Security			
Direct Program- Federal Emergency Management Agency Assistance to Firefighters Grant	97.044	N/A	$ 118,299
Total Department of Homeland Security			$ 118,299
Total Expenditures of Federal Awards			$ 514,086

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hawkinsville, Georgia, under programs of the federal government for the year ended June 30, 2011, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - NONMONETARY ASSISTANCE

The City did not receive nonmonetary assistance during the year ended June 30, 2011.

NOTE C - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, no amounts were provided to subrecipients by the City of Hawkinsville, Georgia.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
City of Hawkinsville, Georgia

Compliance

We have audited the compliance of the City of Hawkinsville, Georgia (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Hawkinsville, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Hawkinsville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2009-1. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City of Hawkinsville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Hawkinsville, Georgia's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Giddens Bennett & Company, P.C.

GIDDENS, BENNETT & COMPANY, P. C.

December 29, 2011

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses a qualified opinion on the respective financial position of the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund of the City of Hawkinsville, Georgia. The auditors' report expresses an unqualified opinion on the respective financial position of the governmental activities, the discretely presented component unit, each major governmental fund, the fund level financial statement for the Sanitation Fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia.

2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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,* and is included in the Schedule of Findings and Questioned Costs as item 2009-1. The condition is not reported as a material weakness.

3. No instances of noncompliance material to the financial statements of the City of Hawkinsville, Georgia, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No material weaknesses and one significant deficiency were disclosed during the audit of internal control over the major federal award program.

5. The auditors' report on compliance for the major federal award program for the City of Hawkinsville, Georgia expresses an unqualified opinion on the major federal award program.

6. The audit disclosed no audit findings relative to the major federal award program.

7. The program tested as a major program was the U.S. Department of Housing and Urban Development – ARRA Community Development Block Grant- Stimulus Program (Water System Improvements) -CFDA Number 14.255

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. The City of Hawkinsville, Georgia did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

2009-1 **Segregation of Duties**

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

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

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

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

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

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

CITY OF HAWKINSVILLE, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINDINGS AND SIGNIFICANT DEFICIENCIES

Prior year Findings-None reported.

Prior Year Significant Deficiency-The current year significant deficiency 2009-1 was a significant deficiency in the prior year and was first reported in the fiscal year ended June 30, 2009.