CITY OF HAWKINSVILLE, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Qualified Opinion

In our opinion, except for the valuation and expensing of capital assets for the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund and the Training Facility Fund as described in the preceding paragraph, the financial statements referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund of the City of Hawkinsville, Georgia, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund and the fund level statement for the Sanitation Fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the City adopted new accounting guidance in accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The City has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, dated February 9, 2015, on our consideration of the City of Hawkinsville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City of Hawkinsville's internal control over financial reporting and compliance.

Giddens, Bennett & Company, P.C.

GIDDENS, BENNETT & COMPANY, P. C.

Cochran, Georgia
February 9, 2015

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	**BUSINESS-TYPE ACTIVITIES**	**TOTAL**
ASSETS:			
Cash and cash equivalents	$ 421,596	$ 512,724	$ 934,320
Receivables (net of allowance, where applicable):			
Accounts	- - -	465,250	465,250
Interest	3,965	- - -	3,965
Taxes	21,308	- - -	21,308
Accounts receivable - fines	- - -	- - -	- - -
Notes	138,554	- - -	138,554
Other	18,590	463,253	481,843
Intergovernmental	118,881	- - -	118,881
Inventory	5,299	102,629	107,928
Prepaid items	4,483	10,293	14,776
Deposits	- - -	50	50
Note receivable - JONGL	- - -	158,344	158,344
Investments	1,599,126	709,407	2,308,533
Nondepreciable capital assets	1,359,225	387,677	1,746,902
Depreciable capital assets, net	5,192,783	6,197,374	11,390,157
Total assets	8,883,810	9,007,001	17,890,811
LIABILITIES:			
Accounts payable	75,223	368,534	443,757
Interest payable	4,116	1,760	5,876
Other payables	- - -	54,648	54,648
Accrued liabilities	32,480	17,282	49,762
Noncurrent liabilities:			
Due within one year:			
Compensated absences	50,206	38,356	88,562
Notes payable	120,234	67,857	188,091
Capital leases payable	- - -	18,558	18,558
Post-closure care costs	- - -	5,265	5,265
Due in more than one year:			
Notes payable	330,405	712,037	1,042,442
Capital leases payable	- - -	19,167	19,167
Post-closure care costs	- - -	93,453	93,453
Total liabilities	612,664	1,396,917	2,009,581
NET POSITION:			
Net investment in capital assets	6,101,369	5,925,776	12,027,145
Restricted for:			
Debt service	28,240	- - -	28,240
Capital projects	308,206	- - -	308,206
Community and economic development	148,248	- - -	148,248
Recorder's court	24,807	- - -	24,807
Training facility improvements	248	- - -	248
Cemetery:			
Expendable	30	- - -	30
Nonexpendable	5,000	- - -	5,000
Unrestricted	1,654,998	1,684,308	3,339,306
Total net position	$8,271,146	$7,610,084	$15,881,230

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental activities:							
General government	$1,220,494	$ 74,031	$ - - -	$ 111,160	$(1,035,303)	$ - - -	$(1,035,303)
Public safety:							
Fire protection	201,333	- - -	- - -	13,834	(187,499)	- - -	(187,499)
Law enforcement	641,932	49,131	- - -	13,833	(578,968)	- - -	(578,968)
Animal control	58,263	- - -	- - -	- - -	(58,263)	- - -	(58,263)
Public works	576,539	- - -	119,868	682,603	225,932	- - -	225,932
Culture and recreation	94,500	- - -	12,400	29,162	(52,938)	- - -	(52,938)
Community and economic development	177,982	35,999	63,252	8,310	(70,421)	- - -	(70,421)
Interest on long-term debt	17,808	- - -	- - -	- - -	(17,808)	- - -	(17,808)
Total governmental activities	2,988,851	159,161	195,520	858,902	(1,775,268)	- - -	(1,775,268)
Business-type activities:							
Water and Sewerage	1,186,421	1,273,615	- - -	499,925	- - -	587,119	587,119
Gas	2,620,835	3,571,965	- - -	- - -	- - -	951,130	951,130
Training Facility	200,759	66,605	- - -	- - -	- - -	(134,154)	(134,154)
Sanitation	463,794	451,824	- - -	- - -	- - -	(11,970)	(11,970)
Total business-type activities	4,471,809	5,364,009	- - -	499,925	- - -	1,392,125	1,392,125
Total primary government	$7,460,660	$5,523,170	$195,520	$1,358,827	(1,775,268)	1,392,125	(383,143)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					562,372	- - -	562,372
Sales taxes					419,395	- - -	419,395
Franchise taxes					277,447	- - -	277,447
Insurance premium taxes					236,719	- - -	236,719
Alcoholic beverage taxes					76,107	- - -	76,107
Hotel / motel taxes					35,322	- - -	35,322
Financial institutions taxes					14,835	- - -	14,835
Interest and investment earnings					11,307	5,476	16,783
Miscellaneous					87,172	66,015	153,187
Gain on sale of property					1,775	15,550	17,325
Transfers					428,033	(428,033)	- - -
Total general revenues and transfers					2,150,484	(340,992)	1,809,492
Change in net position					375,216	1,051,133	1,426,349
Net position - beginning					7,895,930	6,558,951	14,454,881
Net position - ending					$ 8,271,146	$7,610,084	$15,881,230

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
ASSETS:				
Cash on hand	$ 400	$ - - -	$ - - -	$ 400
Cash - financial institutions	69,778	28,549	322,564	420,891
Cash - Georgia Fund 1	- - -	306	- - -	306
Receivables (net of allowance, where applicable):				
Interest	- - -	- - -	5	5
Property taxes	21,308	- - -	- - -	21,308
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	138,554	138,554
Other	15,589	3,000	- - -	18,589
Intergovernmental	48,541	- - -	50,739	99,280
Interfund balances	- - -	- - -	4,637	4,637
Inventory, at cost	5,299	- - -	- - -	5,299
Prepaid items	4,483	- - -	- - -	4,483
Investments	- - -	1,599,126	- - -	1,599,126
Total assets	$165,398	$1,630,981	$516,499	$2,312,878

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 48,536	$ - - -	$ 26,687	$ 75,223
Interfund balances	4,637	- - -	- - -	4,637
Accrued liabilities	32,480	- - -	- - -	32,480
Total liabilities	85,653	- - -	26,687	112,340
DEFERRED INFLOWS OF RESOURCES -				
Unavailable revenue - property tax	19,637	- - -	- - -	19,637
Total deferred inflows of resources	19,637	- - -	- - -	19,637
FUND BALANCES:				
Nonspendable:				
Prepaid items	4,483	- - -	- - -	4,483
Inventory	5,299	- - -	- - -	5,299
Cemetery fund principal	- - -	- - -	5,000	5,000
Restricted:				
Community and economic development	- - -	- - -	144,288	144,288
Capital projects	- - -	- - -	308,206	308,206
Debt service	- - -	- - -	32,288	32,288
Recorder's court	24,807	- - -	- - -	24,807
Training facility improvements	248	- - -	- - -	248
Cemetery improvements	- - -	- - -	30	30
Assigned to -				
Community and economic development	- - -	1,630,981	- - -	1,630,981
Unassigned	25,271	- - -	- - -	25,271
Total fund balances	60,108	1,630,981	489,812	2,180,901
Total liabilities, deferred inflows of resources, and fund balances	$165,398	$1,630,981	$516,499	$2,312,878

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$2,180,901
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds Balance Sheet:		
Governmental capital assets	$ 8,922,942	
Less: accumulated depreciation	(2,370,934)	6,552,008
Other receivables are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the Governmental Funds Balance Sheet -		
Property taxes		19,637
Other receivables are not available to pay for current period expenditures:		
Intergovernmental revenues	$ 19,601	
Interest revenues	3,960	23,561
Interfund receivables and payables between governmental funds are reported on the Governmental Funds Balance Sheet but are eliminated on the Statement of Net Position:		
Interfund receivables	$ 4,637	
Interfund payables	(4,637)	- - -
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	$ (50,206)	
Notes payable	(450,639)	
Accrued interest payable	(4,116)	(504,961)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$8,271,146

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, 2014

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	$1,571,303	$ - - -	$ 35,322	$1,606,625
Licenses and permits	88,436	- - -	- - -	88,436
Intergovernmental	193,513	- - -	420,067	613,580
Fines and forfeitures	49,131	- - -	- - -	49,131
Interest	2,981	77	17,894	20,952
Miscellaneous	23,176	36,000	- - -	59,176
Total revenues	1,928,540	36,077	473,283	2,437,900
EXPENDITURES:				
Current:				
General government	994,625	- - -	22,076	1,016,701
Public safety:				
Fire protection	159,333	- - -	- - -	159,333
Law enforcement	621,398	- - -	- - -	621,398
Animal control	56,833	- - -	- - -	56,833
Public works	514,208	- - -	- - -	514,208
Culture and recreation	94,500	- - -	- - -	94,500
Community and economic development	63,189	35,389	79,130	177,708
Capital outlay:				
General government	- - -	- - -	12,710	12,710
Public safety:				
Fire protection	- - -	- - -	42,000	42,000
Law enforcement	- - -	- - -	20,534	20,534
Public works	- - -	- - -	207,303	207,303
Culture and recreation	- - -	- - -	21,115	21,115
Debt service:				
Principal	- - -	98,158	18,389	116,547
Interest	- - -	9,399	8,835	18,234
Total expenditures	2,504,086	142,946	432,092	3,079,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(575,546)	(106,869)	41,191	(641,224)

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, 2014

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	$(575,546)	$ (106,869)	$ 41,191	$ (641,224)
OTHER FINANCING SOURCES (USES):				
Transfers in	660,738	116,343	31,034	808,115
Transfers out	(159,055)	(30,954)	(13,246)	(203,255)
Total other financing sources (uses)	501,683	85,389	17,788	604,860
NET CHANGE IN FUND BALANCES	(73,863)	(21,480)	58,979	(36,364)
FUND BALANCE - BEGINNING	133,971	1,652,461	430,833	2,217,265
FUND BALANCE - ENDING	$ 60,108	$1,630,981	$489,812	$2,180,901

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, 2014

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$(36,364)
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	$ 226,993	
Donated capital assets	501,495	
SPLOST assets transferred to Enterprise Funds	(176,827)	
Less: current year depreciation	(245,242)	306,419
In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas in the Governmental Funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed.		
Cost of disposed capital assets	$ 40,238	
Accumulated depreciation of disposed capital assets	(40,238)	- - -
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds:		
Property taxes	$ 734	
Note receivable interest	(9,144)	
Animal Control fees	302	
Other revenues	4,745	(3,363)
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.		(8,468)
Issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position:		
Notes and leases principal paid	$ 116,547	
Interest paid	445	116,992
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$375,216

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	$ 207,460	$ 251,123	$ 18,596	$ 35,545	$ 512,724
Receivables:					
Accounts	158,486	233,327	- - -	73,437	465,250
Other	3,745	456,602	2,846	60	463,253
Inventory	41,284	24,115	- - -	- - -	65,399
Inventory - gas storage	- - -	37,230	- - -	- - -	37,230
Prepaid items	6,283	659	1,395	1,956	10,293
Note receivable - JONGL	- - -	24,019	- - -	- - -	24,019
Total current assets	417,258	1,027,075	22,837	110,998	1,578,168
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Note receivable - JONGL	- - -	134,325	- - -	- - -	134,325
Investments	- - -	709,407	- - -	- - -	709,407
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Construction in progress	5,000	- - -	- - -	- - -	5,000
Buildings	2,175,900	8,000	2,285,313	- - -	4,469,213
Improvements other than buildings	- - -	695,032	227,146	- - -	922,178
Machinery and equipment	21,910,910	636,606	235,974	318,567	23,102,057
Accumulated depreciation	(20,715,400)	(627,666)	(794,498)	(158,510)	(22,296,074)
Total long-term assets	3,419,728	1,555,754	2,281,810	171,541	7,428,833
Total assets	$ 3,836,986	$2,582,829	$2,304,647	$ 282,539	$ 9,007,001

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 133,326	$ 195,840	$ 574	$ 38,794	$ 368,534
Interest payable	1,042	- - -	- - -	718	1,760
Customer deposits	32,698	21,950	- - -	- - -	54,648
Accrued expenses	6,777	6,222	1,153	3,130	17,282
Compensated absences	24,711	111	- - -	13,534	38,356
Notes payable	43,838	24,019	- - -	- - -	67,857
Capital leases payable	- - -	- - -	- - -	18,558	18,558
Post-closure care costs	- - -	- - -	- - -	5,265	5,265
Total current liabilities	242,392	248,142	1,727	79,999	572,260
Long-term liabilities:					
Notes payable	577,712	134,325	- - -	- - -	712,037
Capital leases payable	- - -	- - -	- - -	19,167	19,167
Post-closure care cost	- - -	- - -	- - -	93,453	93,453
Total long-term liabilities	577,712	134,325	- - -	112,620	824,657
Total liabilities	820,104	382,467	1,727	192,619	1,396,917
NET POSITION:					
Net investment in capital assets	2,798,178	711,972	2,281,810	133,816	5,925,776
Unrestricted	218,704	1,488,390	21,110	(43,896)	1,684,308
Total net position	$3,016,882	$2,200,362	$2,302,920	$ 89,920	$7,610,084

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	$1,273,615	$3,571,965	$ - - -	$451,824	$5,297,404
Rents	- - -	- - -	66,605	- - -	66,605
Miscellaneous	23,503	- - -	14,620	49	38,172
Total operating revenues	1,297,118	3,571,965	81,225	451,873	5,402,181
OPERATING EXPENSES:					
Salaries	289,484	10,902	41,200	137,390	478,976
Parts and supplies	90,546	21,767	28,917	1,470	142,700
Purchases	- - -	2,286,758	- - -	- - -	2,286,758
Supervision and engineering	- - -	131,496	22,422	4,885	158,803
Equipment rentals	28,152	- - -	- - -	- - -	28,152
Taxes	21,188	97,839	3,015	10,236	132,278
Vehicle expense	26,734	1,650	13,291	44,885	86,560
Utilities	271,113	3,062	22,557	2,095	298,827
Repairs and maintenance	63,483	2,816	4,182	60,238	130,719
Depreciation	186,297	17,704	52,199	18,022	274,222
Office expense	8,041	5,156	5	551	13,753
Medical	370	391	190	- - -	951
Insurance	145,476	5,643	12,114	61,277	224,510
Uniforms	2,626	- - -	- - -	1,914	4,540
Retirement	28,943	1,523	- - -	16,299	46,765
Advertising	60	2,304	- - -	- - -	2,364
Miscellaneous	10,382	6,610	667	1,712	19,371
Compactor contract	- - -	- - -	- - -	18,500	18,500
Landfill fees	- - -	- - -	- - -	82,835	82,835
Appliance incentive program	- - -	1,050	- - -	- - -	1,050
Total operating expenses	1,172,895	2,596,671	200,759	462,309	4,432,634
OPERATING INCOME (LOSS)	124,223	975,294	(119,534)	(10,436)	969,547

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	$ 124,223	$ 975,294	$ (119,534)	$(10,436)	$ 969,547
NONOPERATING REVENUES (EXPENSES):					
Interest income	126	5,350	- - -	- - -	5,476
Interest charges	(13,526)	(5,350)	- - -	(1,485)	(20,361)
Gain (loss) on sale of assets	- - -	(18,814)	- - -	15,550	(3,264)
Undistributed income from joint venture	- - -	27,843	- - -	- - -	27,843
Total nonoperating revenues (expenses)	(13,400)	9,029	- - -	14,065	9,694
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	110,823	984,323	(119,534)	3,629	979,241
CAPITAL GRANTS AND CONTRIBUTIONS	627,777	48,975	- - -	- - -	676,752
TRANSFERS IN	7,236	17,319	65,292	22,008	111,855
TRANSFERS OUT	(165,390)	(546,677)	- - -	(4,648)	(716,715)
CHANGE IN NET POSITION	580,446	503,940	(54,242)	20,989	1,051,133
TOTAL NET POSITION - BEGINNING	2,436,436	1,696,422	2,357,162	68,931	6,558,951
TOTAL NET POSITION - ENDING	$3,016,882	$2,200,362	$2,302,920	$ 89,920	$7,610,084

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, 2014

	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	$1,275,535	$ 3,525,336	$ 66,605	$ 436,132	$ 5,303,608
Payments to suppliers	(581,668)	(2,536,610)	(108,057)	(302,482)	(3,528,817)
Payments to employees	(288,050)	(11,042)	(40,047)	(137,615)	(476,754)
Other receipts (payments)	2,789	(419,873)	18,574	570	397,940
Net cash provided (used) by operating activities	408,606	557,811	(62,925)	(3,395)	900,097
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	7,236	17,319	65,292	22,008	111,855
Transfers out	(165,390)	(546,677)	- - -	(4,648)	(716,715)
Payments on long-term debt - One Georgia	- - -	(29,774)	- - -	- - -	(29,774)
Interest paid on long-term debt	- - -	(5,350)	- - -	- - -	(5,350)
Net cash provided (used) by noncapital financing activities	(158,154)	(564,482)	65,292	17,360	(639,984)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	(27,680)	(74,030)	- - -	- - -	(101,710)
Proceeds from sale of capital assets	- - -	- - -	- - -	15,550	15,550
Principal paid on capital debt	(97,274)	- - -	- - -	(17,969)	(115,243)
Interest paid on capital debt	(13,791)	- - -	- - -	(1,828)	(15,619)
Net cash provided (used) by capital and related financing activities	(138,745)	(74,030)	- - -	(4,247)	(217,022)

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, 2014

	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	$ 126	$ 5,350	$ - - -	$ - - -	$ 5,476
Loan payments received from JONGL	- - -	29,774	- - -	- - -	29,774
Net cash provided (used) by investing activities	126	35,124	- - -	- - -	35,250
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,833	(45,577)	2,367	9,718	(78,341)
CASH AND CASH EQUIVALENTS - BEGINNING	95,627	296,700	16,229	25,827	434,383
CASH AND CASH EQUIVALENTS - ENDING	$207,460	$ 251,123	$ 18,596	$ 35,545	$ 512,724
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$124,223	$ 975,294	$(119,534)	$(10,436)	$ 969,547
Adjustments to reconcile operating income to net cash provided (used) by operating activities -					
Depreciation expense	186,297	17,704	52,199	18,022	274,222
Change in assets and liabilities:					
Receivables, net	(20,163)	(44,329)	- - -	(15,692)	(80,184)
Other receivables	2,789	(419,873)	3,954	521	(412,609)
Inventories	9,307	(13,700)	- - -	- - -	(4,393)
Prepaid items	82	18	(739)	73	(566)
Accounts and other payables	101,844	47,876	42	10,049	159,811
Accrued expenses	- - -	(2,739)	- - -	(5,707)	(8,446)
Accrued salaries	1,434	85	1,153	524	3,196
Accrued compensated absences	4,213	(225)	- - -	(749)	3,239
Deposits	(1,420)	(2,300)	- - -	- - -	(3,720)
Net cash provided (used) by operating activities	$408,606	$ 557,811	$ (62,925)	$ (3,395)	$ 900,097
NONCASH CAPITAL FINANCING ACTIVITIES -					
Contributions of capital assets	$627,777	$ 48,975	$ - - -	$ - - -	$ 676,752

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. <u>THE REPORTING ENTITY</u>: 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:

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

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. On December 2, 2013, the City suspended operations of HURA indefinitely.

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

C. JOINT VENTURES:

Jointly Owned Natural Gas Transmission Line - The Jointly Owned Natural Gas Transmission Line (Line) is a joint venture of the Cities of Warner Robins, Perry, Hawkinsville, Cochran, and Byron, 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. 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, 2013, are reported in the Gas Fund for the current year.

Income of $27,843 was reported in the Gas Fund for the year ended June 30, 2014. Total investment in the Line recorded as an investment by the Gas Fund totaled $709,407 at June 30, 2014.

The City owns approximately 19.10% 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 - 6 appointed by City, 6 appointed by Pulaski County; Hawkinsville-Pulaski County Recreation Board - 4 appointed by City, 5 appointed by Pulaski County; Pulaski County-Hawkinsville Development Authority - 2 appointed by City, with Commission Chairman, 3 appointed by Pulaski County along with sole Commissioner of Pulaski County, and 1 member at large.

The City's expenditures for June 30, 2014, were $19,500 and $75,000 to the Library Board and Hawkinsville-Pulaski County Recreation Board, respectively.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

Special Revenue Funds:

Mill Project - This fund is used to account for and report revenues and expenditures related to the Cotton Mill Lofts Project. During the year ended June 30, 2014, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

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.

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.

2011 CHIP Grant - This fund is used to account for and report revenue and expenditures of a Community Home Investment Program Grant for housing rehabilitation.

HOPE VI - This fund is used to account for and report revenues and expenditures of a Hope VI Main Street Grant for 11 housing units in the River Market Lofts Project. During the year ended June 30, 2014, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

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

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

Hawkinsville Urban Redevelopment Agency - This fund is a blended component unit of the City and is used to account for and report revenues and expenditures related to improvement of substandard buildings within the City. During the year ended June 30, 2014, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

Capital Projects Funds - 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.

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.

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.

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 after year end.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

I. CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS: The City follows the practice of maintaining separate cash accounts for each fund 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. The City recorded a receivable of uncollected fines in the amount of $213,926. Due to the delinquent nature of these fines, the City recorded an allowance for uncollectibles in the amount of $213,926.

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

L. PROPERTY TAXES: Property taxes attach as an enforceable lien on property as of December 2. Taxes are levied on August 1, and are due and payable by December 1. All unpaid taxes levied August 1, become delinquent after December 1, and 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, 2014, are recorded as prepaid items.

O. DEPOSITS: Deposits at June 30, 2014, 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, 2014, accrued vacation leave of $50,206 has been recorded in the government-wide Statement of Net Position in the Governmental Activities and $38,356 in the proprietary fund financial statements, which represents the City's commitment to fund such cost from future operations. In governmental fund financial statements, the cost of vacation leave is recognized when due to employees.

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

U. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES: The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2013. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

Fund Balance - Fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

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

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

W. POST EMPLOYMENT HEALTH CARE BENEFITS: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. This program is offered for a duration of 18 months after the determination date. There is no cost to the City under this program. There were no former employees participating in this plan as of June 30, 2014.

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

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

Primary Government

The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, $116,687 of the City's bank balance of $853,708 was exposed to custodial credit risk.

As of June 30, 2014, the City had invested $306 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 AAAf 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 State Treasurer. The method used by the pool for reporting interest rate risk is 62 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.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund balances at June 30, 2014, 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	$4,637	$4,637
Total	$4,637	$4,637

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

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfers from:						
Transfers to:	General Fund	UDAG Grant	Nonmajor Governmental Fund	Water and Sewerage Fund	Gas Fund	Sanitation Fund	Total
General Fund	$ - - -	$ - - -	$13,246	$143,990	$502,266	$1,236	$660,738
Special Revenue - UDAG	116,343	- - -	- - -	- - -	- - -	- - -	116,343
Nonmajor Governmental Funds	80	30,954	- - -	- - -	- - -	- - -	31,034
Water and Sewerage Fund	3,470	- - -	- - -	- - -	1,939	1,827	7,236
Gas Fund	81	- - -	- - -	16,319	- - -	919	17,319
Training Facility Fund	17,777	- - -	- - -	4,720	42,129	666	65,292
Sanitation Fund	21,304	- - -	- - -	361	343	- - -	22,008
Total	$159,055	$30,954	$13,246	$165,390	$546,677	$4,648	$919,970

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

The transfers on the government-wide Statement of Activities differ from the transfers on the fund level Statement of Revenues, Expenditures, and Changes in Fund Balance by $176,827 which is the cost of SPLOST assets transferred to Enterprise Funds.

4. NOTES RECEIVABLE - MILL PROJECT:

During the year ended June 30, 2010, the City obtained a $485,000 note receivable from Landmark Properties, LLC (Landmark). This note represents grant proceeds loaned to the developer, Landmark, to pay for environmental studies and testing and or environmental clean-up costs for the Mill Project. This note was subsequently modified to Cotton Mill Lofts, LLC. During the year ended June 30, 2013 the maturity date of the note was modified. The maturity date was extended to December 31, 2042. As of June 30, 2014, $485,000 has been advanced. Unadvanced funds on this note at June 30, 2014, were $-0-. Due to the terms of this note, the City has recorded an allowance in the amount of $485,000.

The City also received a note receivable from Cotton Mill Lofts, LLC for funds expended by the City and for in kind services provided by the City for demolition, up-fit, appraisal and low income housing tax credit application costs of $148,800. The maturity date of this note is December 31, 2042. Unadvanced funds on this note at June 30, 2014, were $-0-. Due to the terms of this note, the City has recorded an allowance in the amount of $148,800. During the year ended June 30, 2013, the maturity date of this note was extended to December 31, 2042 from November 3, 2024.

A description of the notes outstanding is as follows:

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

5. NOTE RECEIVABLE - RIVER MARKET LOFTS, LLC:

During the year ended June 30, 2012, the City obtained a $1,000,000 note receivable from River Market Lofts, LLC (River Market). This note represents grant proceeds loaned to the developer, River Market, to pay for renovation of a building located at the Farmers Market into 11 apartments. As of June 30, 2014, $1,000,000 has been advanced to River Market. There were no unadvanced funds on this note at June 30, 2014. Due to the terms of this note, the City has recorded an allowance in the amount of $1,000,000. During the year ended June 30, 2013, the due date of this note was extended to February 21, 2052.

A description of the note outstanding is as follows:

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

6. NOTE RECEIVABLE - COTTON MILL LOFTS, LLC:

During the year ended June 30, 2012, the Hawkinsville Downtown Development Authority, a blended component unit shown as a Special Revenue Fund, obtained a $160,000 note receivable from Cotton Mill Lofts, LLC, (Cotton Mill). This note represents monies loaned to the developer, Cotton Mill, to pay for environmental studies and testing at the Cotton Mill Lofts. As of June 30, 2014, $160,000 has been advanced to Cotton Mill. There were no unadvanced funds on this note at June 30, 2014.

A description of the note outstanding is as follows:

	Amount Due
Cotton Mill - The note is due in 19 annual installments of $12,938 including interest at 5.25% per annum.	$138,554

7. 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.	$158,344

8. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 714,984	$ 651	$ - - -	$ - - -	$ 715,635
Buildings	643,590	- - -	- - -	- - -	643,590
Construction in progress	5,500	- - -	5,500	- - -	- - -
Total capital assets, not being depreciated	1,364,074	651	5,500	- - -	1,359,225
Capital assets, being depreciated:					
Buildings	3,845,241	22,610	- - -	- - -	3,867,851
Improvements other than buildings	1,064,353	48,975	- - -	(48,975)	1,064,353
Infrastructure	1,666,205	500,000	- - -	- - -	2,166,205
Machinery and equipment	471,646	161,752	40,238	(127,852)	465,308
Total capital assets, being depreciated	7,047,445	733,337	40,238	(176,827)	7,563,717
Less accumulated depreciation for:					
Buildings	1,016,331	87,804	- - -	- - -	1,104,135
Improvements other than buildings	366,126	40,099	- - -	- - -	406,225
Infrastructure	435,962	86,567	- - -	- - -	522,529
Machinery and equipment	347,511	30,772	40,238	- - -	338,045
Total accumulated depreciation	2,165,930	245,242	40,238	- - -	2,370,934
Total capital assets, being depreciated, net	4,881,515	488,095	- - -	(176,827)	5,192,783
Governmental activities capital assets, net	$6,245,589	$488,746	$ 5,500	$(176,827)	$6,552,008

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, 2014, there was no change in the net realizable value of the Spec Building.

8. CAPITAL ASSETS: (continued)

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Business-type Activities:					
Capital assets, not being depreciated -					
Land	$ 382,677	$ - - -	$ - - -	$ - - -	$ 382,677
Construction in progress	- - -	5,000	- - -	- - -	5,000
Total capital assets, not being depreciated	382,677	5,000	- - -	- - -	387,677
Capital assets, being depreciated:					
Buildings	4,469,213	- - -	- - -	- - -	4,469,213
Improvements other than buildings	799,173	74,030	- - -	48,975	922,178
Machinery and equipment	22,537,951	522,604	86,350	127,852	23,102,057
Total capital assets, being depreciated	27,806,337	596,634	86,350	176,827	28,493,448
Less accumulated depreciation for:					
Buildings	2,464,052	51,099	- - -	- - -	2,515,151
Improvements other than buildings	311,925	15,364	- - -	- - -	327,289
Machinery and equipment	19,313,411	207,759	67,536	- - -	19,453,634
Total accumulated depreciation	22,089,388	274,222	67,536	- - -	22,296,074
Total capital assets, being depreciated, net	5,716,949	322,412	18,814	176,827	6,197,374
Business-type activities capital assets, net	$ 6,099,626	$327,412	$18,814	$176,827	$ 6,585,051

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

Governmental activities:	
General government	$201,720
Public safety -	
Animal control	613
Public works	42,909
Total depreciation expense - governmental activities	$245,242
Business-type activities:	
Water and Sewerage	$186,297
Gas	17,704
Training Facility	52,199
Sanitation	18,022
Total depreciation expense - business-type activities	$274,222

9. SHORT-TERM OBLIGATIONS:

On December 21, 2006, the Hawkinsville Downtown Development Authority, a blended component unit shown as a Special Revenue Fund, acquired an unsecured line of credit from PlantersFirst in the amount of $175,115. The note was renewed in August 5, 2013 with a maturity date of August 5, 2014. The interest rate was a fixed rate of 5.50%. Interest and principal were due at maturity. This line of credit was used for the Pillowtex Cotton Mill Redevelopment. This line of credit was repaid using funds received from the City of Hawkinsville, Georgia during December 2013.

Short-term debt activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Line of credit	$41,187	$- - -	$41,187	$- - -
Total short-term debt	$41,187	$- - -	$41,187	$- - -

10. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 41,738	$8,468	$ - - -	$ 50,206	$ 50,206
Notes payable - Hawkinsville Development Authority	365,248	- - -	98,158	267,090	101,040
Notes payable - Workforce Development Center	201,938	- - -	18,389	183,549	19,194
Total governmental activities	$ 608,924	$8,468	$116,547	$500,845	$170,440
Business-type activities:					
Compensated absences	$ 35,117	$3,239	$ - - -	$ 38,356	$ 38,356
Notes payable	906,941	- - -	127,047	779,894	67,857
Capital lease payable	55,694	- - -	17,969	37,725	18,558
Post-closure care costs	104,425	- - -	5,707	98,718	5,265
Total business-type activities	$1,102,177	$3,239	$150,723	$954,693	$130,036

A. LONG-TERM OBLIGATIONS FOR GOVERNMENTAL ACTIVITIES:

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

10. LONG-TERM OBLIGATIONS: (continued)

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, 2014, 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%.	$267,090
Less current portion	101,040
Total long-term portion	$166,050

The annual debt service requirements to maturity, including principal and interest, for the Hawkinsville Development Authority note payable as of June 30, 2014, are as follows:

Year ending June 30,	Principal	Interest	Total
2015	$101,040	$ 6,517	$107,557
2016	104,118	3,439	107,557
2017	61,932	578	62,510
Total	$267,090	$10,534	$277,624

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, 2014, the City has fully funded the reserve which is maintained in a separate bank account in the amount of $29,726. The note payable at June 30, 2014, consisted of the following:

USDA - $510,000 note due in forty annual installments of $27,224 including interest at 4.375%.	$183,549
Less current portion	19,194
Total long-term portion	$164,355

10. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2014, are as follows:

Year ending June 30,	Principal	Interest	Total
2015	$ 19,194	$ 8,030	$ 27,224
2016	20,033	7,191	27,224
2017	20,910	6,314	27,224
2018	21,825	5,399	27,224
2019	22,780	4,444	27,224
2020-2023	78,807	7,366	86,173
Total	$183,549	$38,744	$222,293

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, 2014, consisted of the following notes for water and wastewater system improvements and expansion:

Georgia Environmental Facilities Authority (GEFA) - $95,104 note due in 120 monthly installments of $967, including interest at 4.10%.	$ 24,027
Georgia Environmental Facilities Authority (GEFA) - $735,697 note due in 240 monthly installments of approximately $3,722, including interest at 2%.	597,523
Total	621,550
Less current portion	43,838
Total long-term portion	$577,712

10. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Enterprise Fund notes and leases payable as of June 30, 2014 are as follows:

Year ending June 30,	GEFA Principal	GEFA Interest	GEFA Total	GEFA Principal	GEFA Interest	GEFA Total
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	1,923	10	1,933	34,358	10,303	44,661
2018	- - -	- - -	- - -	35,052	9,609	44,661
2019	- - -	- - -	- - -	35,759	8,902	44,661
2020-2024	- - -	- - -	- - -	189,920	33,386	223,306
2025-2029	- - -	- - -	- - -	209,876	13,430	223,306
2030	- - -	- - -	- - -	25,867	173	26,040
Total	$24,027	$1,124	$25,151	$597,523	$98,434	$695,957

Year ending June 30,	TOTALS Principal	TOTALS Interest	TOTALS Total
2015	$ 43,838	$12,432	$ 56,270
2016	44,957	11,313	56,270
2017	36,281	10,313	46,594
2018	35,052	9,609	44,661
2019	35,759	8,902	44,661
2020-2024	189,920	33,386	223,306
2025-2029	209,876	13,430	223,306
2030	25,867	173	26,040
Total	$621,550	$99,558	$721,108

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, 2014, consisted of the following:

One Georgia Authority - $500,000 note due in one hundred quarterly installments of $7,125 including interest at 3%.	$158,344
Less current portion	24,019
Total long-term portion	$134,325

The annual debt service requirements to maturity, including principal and interest, for the One Georgia Authority note payable as of June 30, 2014, are as follows:

Year ending June 30,	Principal	Interest	Total
2015	$ 24,019	$ 4,481	$ 28,500
2016	24,747	3,753	28,500
2017	25,498	3,002	28,500
2018	26,272	2,228	28,500
2019	27,069	1,431	28,500
2020	30,739	632	31,371
Total	$158,344	$15,527	$173,871

10. LONG-TERM OBLIGATIONS: (continued)

Capital lease payable - During the year ended June 30, 2011, the City entered into a capital lease through the Georgia Municipal Association with BB&T Governmental Finance for the purchase of a 2010 Loadmaster garbage truck. This asset is recorded as machinery and equipment and totaled $154,380 at June 30, 2014. Depreciation expense for the year ended June 30, 2014 is $10,292. Total accumulated depreciation for the year ended June 30, 2014 is $31,734. Capital lease payable consisted of the following at June 30, 2014:

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%.	$37,725
Less current portion	18,558
Total long-term portion	$19,167

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, 2014:

Year ending June 30,	
2015	$19,795
2016	19,795
Total minimum lease payments	39,590
Less amount representing interest	1,865
Present value of minimum lease payments	$37,725

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 $98,718 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2014, these expenses were estimated by the City's outside engineering firm and do not specifically include any estimates due to the effect of inflation or deflation, technology, or changes in applicable laws or regulations. During the current year, actual postclosure expenses of $5,707 were paid.

10. LONG-TERM OBLIGATIONS: (continued)

The post-closure care costs requirements as of June 30, 2014 are as follows:

Year ending June 30,	
2015	$ 5,265
2016	5,265
2017	5,265
2018	5,265
2019	5,265
2020-2024	26,325
2025-2029	26,325
2030-2032	19,743
Total	$98,718

11. DEFICIT FUND EQUITY:

There were no deficit fund balances or net position items in any individual fund for the fiscal year ended June 30, 2014.

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

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS - The following fund had expenditures in excess of appropriations for the year ended June 30, 2014 as follows:

	Expenditures	Appropriations	Variance
Capital Projects Fund - General SPLOST -			
Capital outlay - Public works	$150,196	$150,000	$196

13. RESTRICTED NET POSITION:

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

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted for:			
Debt Service	$ 28,240	$ - - -	$ 28,240
Capital projects	308,206	- - -	308,206
Community and economic development	- - -	148,248	148,248
Recorder's Court	- - -	24,807	24,807
Training facility improvements	- - -	248	248
Cemetery:			
Expendable	- - -	30	30
Nonexpendable	- - -	5,000	5,000
Total restricted net position - Governmental Activities	$336,446	$178,333	$514,779

14. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

The City's Water and Sewerage Fund, Gas Fund, and Sanitation Fund provide utility and garbage service to the community. The City's receivable from three commercial customers amounted to $178,169. Also, these three commercial customers accounted for approximately 35.64% of the total charges for services in these funds.

15. 2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

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

16. 2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

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

17. DEFERRED COMPENSATION PLAN:

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

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

18. 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, 2014
Retirees and beneficiaries currently receiving benefits	36
Vested terminated employees	14
Active employees:	
Fully vested	22
Nonvested	12
Total membership in the plan	84

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, 2014, was $84,322 which was 9.86% of the covered payroll. The amount of the current year covered payroll is $854,946.

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 $84,322. 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.

18. 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	$109,677
Contributions made	$109,677
Actuarial valuation date	January 1, 2014
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 20% of market value.

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	3.5% per year plus age and merit based increases
Cost of living adjustments	0.0% per year
Postretirement benefit increases	Not applicable
Inflation rate	3.5% per year

Three Year Trend Information

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/12	$133,465	100.0%	- - -
06/30/13	109,677	100.0%	- - -
06/30/14	104,901	100.0%	- - -

18. 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, 2014
Actuarial value of assets	$2,884,156
Actuarial accrued liability (AAL)	$3,121,446
Actuarial value of assets as percentage of AAL	92.40%
Unfunded actuarial accrued liability (UAAL)	$237,290
Annual covered payroll	$854,946
UAAL as percentage of annual covered payroll	27.75%

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.

19. RISK MANAGEMENT:

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

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

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

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

19. RISK MANAGEMENT: (continued)

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.

20. OPERATING LEASES:

A. CITY AS LESSOR:

The City leases the "Spec" building to Sider-Oxydro, Inc. The monthly lease payment on this lease is $3,000 per month. Total amount of lease income for fiscal year 2014 totaled $36,000.

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 required payment of $100 per horse for each horse brought into the facility during the term of the lease. The lease was payable in two installments. The City recorded no lease revenue during 2014. During 2014, the City and the Lessee agreed to terminate this lease. The City hired a facility manager and began operating the Harness Horse Training Facility in September 2013.

B. CITY AS LESSEE:

During November 2013, the City entered into a lease for a copier from Xerox requiring 60 monthly payments in the amount of $140 for 60 months. For the year ended June 30, 2014, rent expenditures for the City totaled $980. The following is a schedule of annual lease requirements as of June 30, 2014:

Year ending June 30	Amount
2015	$1,680
2016	1,680
2017	1,680
2018	1,680
2019	700
	$7,420

21. HOTEL/MOTEL TAX:

The City of Hawkinsville levies an 8% lodging tax in accordance with O.C.G.A. 48-13-51. A summary of the transactions for the year ended June 30, 2014 is as follows:

	Amount	Percentage of Tax Receipts
Receipts:		
Lodging tax receipts	$35,322	
Expenditures:		
Hawkinsville Pulaski Chamber of Commerce, Inc.	$22,076	62.50%
General Fund	13,246	37.50%
Total expenditures	$35,322	

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

22. COMMITMENTS AND CONTINGENCIES:

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

The City was a defendant in lawsuits at June 30, 2014. 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 5.50%.

22. COMMITMENTS AND CONTINGENCIES: (continued)

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

The HDDA has obtained local financing to fund its commitment of $160,000. The financing was used during 2010 to pay $146,319 of environmental studies and testing. These funds are to be loaned to the project under the terms of the commitment. The HDDA has recorded a note receivable from the Cotton Mill Lofts, LLC, as discussed in Note 6. The City has budgeted $10,000 for the 2014-2015 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, 2010, the City entered into an agreement with Pulaski County, Georgia (County) to provide police protection within the City limits of Hawkinsville, Georgia beginning July 1, 2009. The City agreed to pay the County $47,858 per month which may be adjusted annually.

During the year ended June 30, 2010, the City received notification of approval of a HOPE VI Main Street grant from the U.S. Department of Housing and Urban Development in the amount of $1,000,000. This grant 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, 2013, the City has advanced funds for construction of $1,000,000 and recorded a note receivable from the developer, River Market Lofts, LLC, as discussed in Note 5.

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

During 2012, the City approved a joint resolution that will empower a committee of eight people from the City and eight people from the County to serve as Charter Committee responsible for devising a charter to serve as the framework for consolidating both governments and resolved the committee be appointed immediately and work in concert with the Sole County Commissioner and City Commission members to devise a Charter by December 31, 2012. During December 2012, the City and County passed a joint resolution to recommend a consolidation charter to the Georgia General Assembly. The Georgia General Assembly approved the consolidation of the City and the County under the name Hawkinsville-Pulaski County, Georgia. The citizens of the City and the County voted on the consolidation during November 2013 and the consolidation was defeated.

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

22. COMMITMENTS AND CONTINGENCIES: (continued)

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

23. SUBSEQUENT EVENTS:

Subsequent to year end, the City has purchased land in the amount of $100,000 for the future site of a new city hall building.

During 2014, Pulaski County completed water and sewer infrastructure improvements in the Forest Hill Circle area using Community Development Block Grant funds. These improvements will be donated to the City during the fiscal year ended June 30, 2015 to be capitalized as infrastructure.

The City was awarded a $306,000 Community Home Investment Program (CHIP)during June 2014 and a $500,000 Community Development Block Grant during September 2014.

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)
01/01/2012	$2,625,945	$2,965,135	88.56%	$339,190	$919,258	36.90%
01/01/2013	2,756,321	2,969,740	92.81%	213,419	841,183	25.37%
01/01/2014	2,884,156	3,121,446	92.40%	237,290	854,946	27.75%

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	$1,615,645	$1,595,640	$1,571,303	$ (24,337)
Licenses and permits	95,260	88,995	88,436	(559)
Intergovernmental	70,630	92,900	193,513	100,613
Fines and forfeitures	36,800	55,000	49,131	(5,869)
Interest	4,525	3,125	2,981	(144)
Miscellaneous	99,495	162,385	23,176	(139,209)
Total revenues	1,922,355	1,998,045	1,928,540	(69,505)
EXPENDITURES:				
General government:				
Administration	987,005	982,265	971,765	10,500
Emergency Management Agency	22,860	22,860	22,860	- - -
Public safety:				
Fire protection	159,290	159,390	159,333	57
Law enforcement	611,410	627,710	621,398	6,312
Animal control	59,400	60,690	56,833	3,857
Public works	487,745	526,455	514,208	12,247
Culture and recreation:				
Recreation board	75,000	75,000	75,000	- - -
Library Board	19,500	19,500	19,500	- - -
Community and economic development	59,575	68,175	63,189	4,986
Total expenditures	2,481,785	2,542,045	2,504,086	37,959
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(559,430)	(544,000)	(575,546)	(31,546)
OTHER FINANCING SOURCES (USES):				
Transfers in	559,430	744,000	660,738	(83,262)
Transfers out	- - -	(200,000)	(159,055)	40,945
Total other financing sources (uses)	559,430	(544,000)	501,683	(42,317)
NET CHANGE IN FUND BALANCES	- - -	- - -	(73,863)	(73,863)
FUND BALANCE - BEGINNING	133,971	133,971	133,971	- - -
FUND BALANCE - ENDING	$ 133,971	$ 133,971	$ 60,108	$ (73,863)

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ 150	$ 100	$ 77	$ (23)
Miscellaneous	36,000	1,061,950	36,000	(1,025,950)
Total revenues	36,150	1,062,050	36,077	(1,025,973)
EXPENDITURES -				
Community and economic development	186,795	649,700	142,946	506,754
Total expenditures	186,795	649,700	142,946	506,754
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(150,645)	412,350	(106,869)	(519,219)
OTHER FINANCING SOURCES (USES):				
Transfers in	156,845	150,000	116,343	(33,657)
Transfers out	(6,200)	(562,350)	(30,954)	531,396
Total other financing sources (uses)	150,645	(412,350)	85,389	497,739
NET CHANGE IN FUND BALANCES	- - -	- - -	(21,480)	(21,480)
FUND BALANCE - BEGINNING	1,652,461	1,652,461	1,652,461	- - -
FUND BALANCE - ENDING	$1,652,461	$1,652,461	$1,630,981	$ (21,480)

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:

No individual major fund had expenditures in excess of appropriations for the year ended June 30, 2014.

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS						
	MILL PROJECT	2010 CDBG - HOUSING	CEMETERY FUND	HOTEL / MOTEL TAX	2011 CHIP GRANT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT
ASSETS							
Cash - financial institutions	$- - -	$- - -	$5,025	$- - -	$- - -	$- - -	$ - - -
Receivables:							
Interest	- - -	- - -	5	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Intergovernmental	- - -	- - -	- - -	- - -	- - -	- - -	22,050
Interfund balances	- - -	- - -	- - -	4,637	- - -	- - -	- - -
Total assets	$- - -	$- - -	$5,030	$4,637	$- - -	$- - -	$22,050
LIABILITIES AND FUND BALANCES							
LIABILITIES -							
Accounts payable	$- - -	$- - -	$- - -	$4,637	$- - -	$- - -	$22,050
Total liabilities	- - -	- - -	- - -	4,637	- - -	- - -	22,050
FUND BALANCE:							
Nonspendable -							
Cemetery fund principal	- - -	- - -	5,000	- - -	- - -	- - -	- - -
Restricted for:							
Community and economic development	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Capital projects	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Debt service	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Cemetery improvements	- - -	- - -	30	- - -	- - -	- - -	- - -
Total fund balances	- - -	- - -	5,030	- - -	- - -	- - -	- - -
Total liabilities and fund balances	$- - -	$- - -	$5,030	$4,637	$- - -	$- - -	$22,050

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS (CONTINUED)			CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HAWKINSVILLE DEVELOPMENT AUTHORITY	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	GENERAL SPLOST	2010 SPLOST	WORKFORCE DEVELOPMENT CENTER	
ASSETS							
Cash - financial institutions	$ 150	$4,465	$ 1,119	$24,817	$254,700	$32,288	$322,564
Receivables:							
Interest	- - -	- - -	- - -	- - -	- - -	- - -	5
Notes, net of allowance	- - -	- - -	138,554	- - -	- - -	- - -	138,554
Intergovernmental	- - -	- - -	- - -	- - -	28,689	- - -	50,739
Interfund balances	- - -	- - -	- - -	- - -	- - -	- - -	4,637
Total assets	$ 150	$4,465	$139,673	$24,817	$283,389	$32,288	$516,499
LIABILITIES AND FUND BALANCES							
LIABILITIES -							
Accounts payable	$- - -	$- - -	$ - - -	$ - - -	$ - - -	$ - - -	$ 26,687
Total liabilities	- - -	- - -	- - -	- - -	- - -	- - -	26,687
FUND BALANCE:							
Nonspendable -							
Cemetery fund principal	- - -	- - -	- - -	- - -	- - -	- - -	5,000
Restricted for:							
Community and economic development	150	4,465	139,673	- - -	- - -	- - -	144,288
Capital projects	- - -	- - -	- - -	24,817	283,389	- - -	308,206
Debt service	- - -	- - -	- - -	- - -	- — -	32,288	32,288
Cemetery improvements	- - -	- - -	- - -	- - -	- - -	- - -	30
Total fund balances	150	4,465	139,673	24,817	283,389	32,288	489,812
Total liabilities and fund balances	$ 150	$4,465	$139,673	$24,817	$283,389	$32,288	$516,499

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUNDS BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS						
	MILL PROJECT	2010 CDBG - HOUSING	CEMETERY FUND	HOTEL / MOTEL TAX	2011 CHIP GRANT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT
REVENUES:							
Taxes	$- - -	$- - -	$- - -	$ 35,322	$ - - -	$- - -	$ - - -
Intergovernmental	- - -	8,000	- - -	- - -	33,111	- - -	22,050
Interest	- - -	- - -	25	- - -	- - -	- - -	- - -
Total revenues	- - -	8,000	25	35,322	33,111	- - -	22,050
EXPENDITURES:							
Current:							
General government	- - -	- - -	- - -	22,076	- - -	- - -	- - -
Community and economic development	- - -	8,000	- - -	- - -	33,191	- - -	22,050
Capital outlay:							
General government	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Public safety:							
Fire protection	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Law enforcement	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Public works	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Culture and recreation	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Debt service:							
Principal	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Interest	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Total expenditures	- - -	8,000	- - -	22,076	33,191	- - -	22,050
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	25	13,246	(80)	- - -	- - -
OTHER FINANCING SOURCES (USES):							
Transfers in	- - -	- - -	- - -	- - -	80	- - -	- - -
Transfers out	- - -	- - -	- - -	(13,246)	- - -	- - -	- - -
Total other financing sources (uses)	- - -	- - -	- - -	(13,246)	80	- - -	- - -
NET CHANGE IN FUND BALANCES	- - -	- - -	25	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	5,005	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$- - -	$- - -	$5,030	$ - - -	$ - - -	$- - -	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUNDS BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS (CONTINUED)			CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	TOTAL
	HAWKINSVILLE DEVELOPMENT AUTHORITY	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	GENERAL SPLOST	2010 SPLOST	WORKFORCE DEVELOPMENT CENTER	NONMAJOR GOVERNMENTAL FUNDS
REVENUES:							
Taxes	$ - - -	$- - -	$ - - -	$ - - -	$ - - -	$ - - -	$ 35,322
Intergovernmental	- - -	- - -	- - -	- - -	356,906	- - -	420,067
Interest	- - -	- - -	17,368	5	486	10	17,894
Total revenues	- - -	- - -	17,368	5	357,392	10	473,283
EXPENDITURES:							
Current:							
General government	- - -	- - -	- - -	- - -	- - -	- - -	22,076
Community and economic development	5,079	- - -	10,810	- - -	- - -	- - -	79,130
Capital outlay:							
General government	- - -	- - -	- - -	- - -	12,710	- - -	12,710
Public safety:							
Fire protection	- - -	- - -	- - -	- - -	42,000	- - -	42,000
Law enforcement	- - -	- - -	- - -	- - -	20,534	- - -	20,534
Public works	- - -	- - -	- - -	250	207,053	- - -	207,303
Culture and recreation	- - -	- - -	- - -	- - -	21,115	- - -	21,115
Debt service:							
Principal	- - -	- - -	- - -	- - -	- - -	18,389	18,389
Interest	- - -	- - -	- - -	- - -	- - -	8,835	8,835
Total expenditures	5,079	- - -	10,810	250	303,412	27,224	432,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,079)	- - -	6,558	(245)	53,980	(27,214)	41,191
OTHER FINANCING SOURCES (USES):							
Transfers in	5,079	- - -	25,875	- - -	- - -	- - -	31,034
Transfers out	- - -	- - -	- - -	- - -	- - -	- - -	(13,246)
Total other financing sources (uses)	5,079	- - -	25,875	- - -	- - -	- - -	17,788
NET CHANGE IN FUND BALANCES	- - -	- - -	32,433	(245)	53,980	(27,214)	58,979
FUND BALANCE - BEGINNING	150	4,465	107,240	25,062	229,409	59,502	430,833
FUND BALANCE - ENDING	$ 150	$4,465	$139,673	$24,817	$283,389	$ 32,288	$489,812

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental revenues	$- - -	$13,845	$8,000	$(5,845)
Total revenues	- - -	13,845	8,000	(5,845)
EXPENDITURES -				
Community and economic development	- - -	13,845	8,000	5,845
Total expenditures	- - -	13,845	8,000	5,845
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 - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 50	$ 50	$ 25	$ (25)
Total revenues	50	50	25	(25)
EXPENDITURES -				
Public works	50	50	- - -	50
Total expenditures	50	50	- - -	50
NET CHANGE IN FUND BALANCES	- - -	- - -	25	25
FUND BALANCE - BEGINNING	5,005	5,005	5,005	- - -
FUND BALANCE - ENDING	$5,005	$5,005	$5,030	$ 25

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Taxes	$28,000	$28,000	$ 35,322	$ 7,322
Total revenues	28,000	28,000	35,322	7,322
EXPENDITURES -				
General government	28,000	28,000	22,076	5,924
Total expenditures	28,000	28,000	22,076	5,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	13,246	13,246
OTHER FINANCING SOURCES (USES) -				
Transfers out	- - -	- - -	(13,246)	(13,246)
Total other financing sources (uses)	- - -	- - -	(13,246)	(13,246)
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 - 2011 CHIP GRANT
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$74,600	$38,500	$33,111	$(5,389)
Total revenues	74,600	38,500	33,111	(5,389)
EXPENDITURES -				
Community and economic development	74,600	38,600	33,191	5,409
Total expenditures	74,600	38,600	33,191	5,409
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	(100)	(80)	20
OTHER FINANCING SOURCES -				
Transfers in	- - -	100	80	(20)
Total other financing sources	- - -	100	80	(20)
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 - 2013 CHIP GRANT
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$150,000	$59,950	$22,050	$(37,900)
Total revenues	150,000	59,950	22,050	(37,900)
EXPENDITURES:				
Community and economic development	147,000	60,000	22,050	37,950
Administrative	3,000	- - -	- - -	- - -
Total expenditures	150,000	60,000	22,050	37,950
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	(50)	- - -	50
OTHER FINANCING SOURCES (USES) -				
Transfers in	- - -	50	- - -	(50)
Total other financing sources (uses)	- - -	50	- - -	(50)
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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$111,500	$111,500	$ - - -	$(111,500)
Total revenues	111,500	111,500	- - -	(111,500)
EXPENDITURES -				
Community and economic development	117,700	117,700	5,079	112,621
Total expenditures	117,700	117,700	5,079	112,621
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,200)	(6,200)	(5,079)	1,121
OTHER FINANCING SOURCES -				
Transfers in	6,200	6,200	5,079	(1,121)
Total other financing sources	6,200	6,200	5,079	(1,121)
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 DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$ 39,375	$525,875	$ - - -	$(525,875)
Interest	- - -	- - -	17,368	17,368
Total revenues	39,375	525,875	17,368	(508,507)
EXPENDITURES -				
Community and economic development	39,375	555,875	10,810	545,065
Total expenditures	39,375	555,875	10,810	545,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	(30,000)	6,558	36,558
OTHER FINANCING SOURCES -				
Transfers in	- - -	30,000	25,875	(4,125)
Total other financing sources	- - -	30,000	25,875	(4,125)
NET CHANGE IN FUND BALANCES	- - -	- - -	32,433	32,433
FUND BALANCE - BEGINNING	107,240	107,240	107,240	- - -
FUND BALANCE - ENDING	$107,240	$107,240	$139,673	$ 32,433

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,600,000	$3,600,000	$1,441,033	$(2,158,967)
Interest	12,000	12,000	2,579	(9,421)
Total revenues	3,612,000	3,612,000	1,443,612	(2,168,388)
EXPENDITURES -				
Capital outlay:				
General government	2,662,000	1,012,000	27,710	984,290
Public safety	325,000	250,000	135,375	114,625
Public works	- - -	1,650,000	927,674	722,326
Culture and recreation	625,000	625,000	61,017	563,983
Community and economic development	- - -	75,000	8,447	66,553
Total expenditures	3,612,000	3,612,000	1,160,223	2,451,777
NET CHANGES IN FUND BALANCES	- - -	- - -	283,389	283,389
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 283,389	$ 283,389

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$340,000	$340,000	$300,235	$(39,765)
Interest	- - -	- - -	7,808	7,808
Total revenues	340,000	340,000	308,043	(31,957)
EXPENDITURES -				
Capital outlay:				
General government	75,000	75,000	57,794	17,206
Public works	150,000	150,000	150,196	(196)
Community and economic development	115,000	115,000	115,000	- - -
Total expenditures	340,000	340,000	322,990	17,010
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(14,947)	(14,947)
OTHER FINANCING SOURCES -				
Transfers in	- - -	- - -	39,764	39,764
Total other financing sources	- - -	- - -	39,764	39,764
NET CHANGES IN FUND BALANCES	- - -	- - -	24,817	24,817
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 24,817	$ 24,817

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$27,200	$27,220	$ - - -	$(27,220)
Interest	25	5	10	5
Total revenues	27,225	27,225	10	(27,215)
EXPENDITURES -				
Debt service:				
Principal	18,390	18,390	18,389	1
Interest	8,835	8,835	8,835	- - -
Total expenditures	27,225	27,225	27,224	1
NET CHANGES IN FUND BALANCES	- - -	- - -	(27,214)	(27,214)
FUND BALANCE - BEGINNING	59,502	59,502	59,502	- - -
FUND BALANCE - ENDING	$59,502	$59,502	$ 32,288	$(27,214)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2004 SPLOST
FOR THE YEAR ENDED JUNE 30, 2014

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
Partial cost of Workforce Development Center	$ 460,000	$ 460,000	$- - -	$ 460,000	100.00%
Fire Department facilities and equipment	250,000	252,528	- - -	252,528	101.01%
New office computer equipment	75,000	57,794	- - -	57,794	77.06%
Street improvements and Purchase of equipment	150,000	149,946	250	150,196	100.13%
Economic Development improvements at Industrial Park	115,000	115,000	- - -	115,000	100.00%
Totals	$1,050,000	$1,035,268	$ 250	$1,035,518	

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

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2010 SPLOST
FOR THE YEAR ENDED JUNE 30, 2014

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
Fire and Police Department equipment	$ 250,000	$ 70,520	$ 62,534	$ 133,054	53.22%
New City Hall	1,000,000	- - -	- - -	- - -	0.00%
Upgrade of City property and equipment	1,500,000	704,730	202,512	907,242	60.48%
Opera House repairs	250,000	4,854	21,115	25,969	10.39%
Renovation of the old firehouse on Broad Street	75,000	2,900	- - -	2,900	3.87%
Capital projects matching grant funds	150,000	73,807	17,251	91,058	60.71%
Totals	$3,225,000	$856,811	$303,412	$1,160,223	

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, 2014

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
Loan payments made during fiscal year ended June 30, 2012	64,276
Balance at June 30, 2012	239,527
Loan payments made during fiscal year ended June 30, 2013	51,409
Balance at June 30, 2013	188,118
Loan payments made during fiscal year ended June 30, 2014	29,774
Balance at June 30, 2014	$158,344

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, 2014

Total Fiscal Year 2010 CDBG Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from DCA	$500,000
Less: CDBG Funds Expended by Recipient	494,155
Less: CDBG Funds Returned to DCA by Recipient	5,845
Amount of Fiscal Year 2010 CDBG Funds held by Recipient	$ - - -

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, 2014

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	$ 2,000	$- - -	$ 2,000	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	457,155	- - -	457,155	NONE
Administration	A-21A-00	35,000	35,000	- - -	35,000	NONE
		$500,000	$494,155	$- - -	$494,155	

OTHER REQUIRED REPORTS

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

JOHN M. GIDDENS, III, C.P.A.
H. ROBERT BENNETT, JR., C.P.A.

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

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

Board of Commissioners
City of Hawkinsville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Hawkinsville, Georgia as of and for the year ended June 30, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 9, 2015. The report on the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund was qualified because capital assets acquired prior to June 30, 1981, were capitalized at appraised values. The effects of these departures cannot be reasonably determined. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Hawkinsville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hawkinsville, Georgia's internal control.

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

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

Compliance and Other Matters

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

City of Hawkinsville, Georgia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Giddens, Bennett & Company, P.C.

GIDDENS, BENNETT & COMPANY, P. C.

Cochran, Georgia
February 9, 2015

FINDINGS - FINANCIAL STATEMENT AUDIT

2009-1 **Segregation of Duties**

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

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

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

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

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