CITY OF HAWKINSVILLE, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
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, 2016, 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.

Members American Institute of Certified Public Accountants ☐ Georgia Society of Certified Public Accountants

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, 2016, 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, 2016, 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.

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 March 7, 2017, 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
March 7, 2017

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	$ 608,489	$ 863,008	$ 1,471,497
Receivables (net of allowance, where applicable):			
Accounts	- - -	253,126	253,126
Interest	3,348	- - -	3,348
Taxes	32,944	- - -	32,944
Accounts receivable - fines	- - -	- - -	- - -
Notes	127,697	25,752	153,449
Lease	3,000	- - -	3,000
Other	11,346	62,774	74,120
Intergovernmental	137,619	- - -	137,619
Inventory	1,666	47,449	49,115
Prepaid items	4,598	10,919	15,517
Deposits	- - -	50	50
Note receivable - JONG	- - -	75,445	75,445
Investments	1,599,126	762,372	2,361,498
Nondepreciable capital assets	1,364,815	382,677	1,747,492
Depreciable capital assets, net	4,743,181	6,303,654	11,046,835
Total assets	8,637,829	8,787,226	17,425,055
DEFERRED OUTFLOWS OF RESOURCES -			
Pensions	126,463	131,478	257,941
LIABILITIES:			
Accounts payable	83,248	157,945	241,193
Interest payable	3,183	862	4,045
Other payables	- - -	69,726	69,726
Accrued liabilities	15,926	22,764	38,690
Noncurrent liabilities:			
Due within one year:			
Compensated absences	21,258	48,367	69,625
Notes payable	20,910	62,034	82,944
Post-closure care costs	- - -	5,220	5,220
Due in more than one year:			
Notes payable	123,412	571,919	695,331
Post-closure care costs	- - -	82,208	82,208
Pensions	306,272	261,523	567,795
Total liabilities	574,209	1,282,568	1,856,777
DEFERRED INFLOWS OF RESOURCES -			
Pensions	46,077	34,250	80,327
NET POSITION:			
Net investment in capital assets	5,963,674	6,153,575	12,117,249
Restricted for:			
Debt service	27,604	- - -	27,604
Capital projects	574,752	- - -	574,752
Community and economic development	155,883	- - -	155,883
Cemetery:			
Expendable	80	- - -	80
Nonexpendable	5,000	- - -	5,000
Unrestricted	1,417,013	1,448,311	2,865,324
Total net position	$8,144,006	$7,601,886	$15,745,892

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	PRIMARY GOVERNMENT: TOTAL
Primary Government							
Governmental activities:							
General government	$1,188,380	$ 86,989	$ - - -	$115,183	$ (986,208)	$ - - -	$ (986,208)
Public safety:							
Fire protection	159,789	- - -	- - -	14,194	(145,595)	- - -	(145,595)
Law enforcement	619,268	4,537	- - -	14,194	(600,537)	- - -	(600,537)
Animal control	57,622	- - -	- - -	- - -	(57,622)	- - -	(57,622)
Public works	568,349	- - -	99,937	557,768	89,356	- - -	89,356
Culture and recreation	99,130	- - -	- - -	35,280	(63,850)	- - -	(63,850)
Community and economic development	897,077	39,390	46,793	8,522	(802,372)	- - -	(802,372)
Interest on long-term debt	10,114	- - -	- - -	- - -	(10,114)	- - -	(10,114)
Total governmental activities	3,599,729	130,916	146,730	745,141	(2,576,942)	- - -	(2,576,942)
Business-type activities:							
Water and Sewerage	1,347,461	1,469,403	- - -	- - -	- - -	121,942	121,942
Gas	1,987,646	2,393,204	- - -	- - -	- - -	405,558	405,558
Training Facility	313,599	88,042	7,738	- - -	- - -	(217,819)	(217,819)
Sanitation	450,687	470,966	- - -	- - -	- - -	20,279	20,279
Total business-type activities	4,099,393	4,421,615	7,738	- - -	- - -	329,960	329,960
Total primary government	$7,699,122	$4,552,531	$154,468	$745,141	(2,576,942)	329,960	(2,246,982)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					527,516	- - -	527,516
Sales taxes					428,697	- - -	428,697
Franchise taxes					291,815	- - -	291,815
Insurance premium taxes					329,647	- - -	329,647
Alcoholic beverage taxes					71,778	- - -	71,778
Hotel / motel taxes					41,190	- - -	41,190
Financial institutions taxes					15,700	- - -	15,700
Interest and investment earnings					11,344	4,034	15,378
Miscellaneous					89,289	78,099	167,388
Transfers					587,958	(587,958)	- - -
Total general revenues and transfers					2,394,934	(505,825)	1,889,109
Change in net position					(182,008)	(175,865)	(357,873)
Net position - beginning, as restated					8,326,014	7,777,751	16,103,765
Net position - ending					$ 8,144,006	$7,601,886	$15,745,892

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	UDAG GRANT FUND	2014 CDBG FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
ASSETS:						
Cash on hand	$ 400	$ - - -	$- - -	$ - - -	$ - - -	$ 400
Cash - financial institutions	8,151	19,924	- - -	490,147	89,867	608,089
Receivables (net of allowance, where applicable):						
Interest	- - -	- - -	- - -	- - -	5	5
Property taxes	32,944	- - -	- - -	- - -	- - -	32,944
Accounts receivable - fines	- - -	- - -	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	- - -	127,697	127,697
Capital lease	- - -	3,000	- - -	- - -	- - -	3,000
Other	11,346	- - -	- - -	- - -	- - -	11,346
Intergovernmental	49,028	- - -	- - -	62,073	26,518	137,619
Interfund balances	- - -	- - -	- - -	- - -	4,349	4,349
Inventory, at cost	1,666	- - -	- - -	- - -	- - -	1,666
Prepaid items	4,598	- - -	- - -	- - -	- - -	4,598
Investments	- - -	1,599,126	- - -	- - -	- - -	1,599,126
Total assets	$108,133	$1,622,050	$- - -	$552,220	$248,436	$2,530,839

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	UDAG GRANT FUND	2014 CDBG FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES:						
Accounts payable	$ 44,531	$ - - -	$ 1,200	$ 2,260	$ 35,257	$ 83,248
Interfund balances	4,349	- - -	- - -	- - -	- - -	4,349
Accrued liabilities	15,926	- - -	- - -	- - -	- - -	15,926
Total liabilities	64,806	- - -	1,200	2,260	35,257	103,523
DEFERRED INFLOWS OF RESOURCES -						
Unavailable revenue - property tax	32,073	- - -	- - -	- - -	- - -	32,073
Total deferred inflows of resources	32,073	- - -	- - -	- - -	- - -	32,073
FUND BALANCES:						
Nonspendable:						
Prepaid items	4,598	- - -	- - -	- - -	- - -	4,598
Inventory	1,666	- - -	- - -	- - -	- - -	1,666
Cemetery fund principal	- - -	- - -	- - -	- - -	5,000	5,000
Restricted:						
Community and economic development	- - -	- - -	- - -	- - -	152,540	152,540
Capital projects	- - -	- - -	- - -	549,960	24,792	574,752
Debt service	- - -	- - -	- - -	- - -	30,787	30,787
Cemetery improvements	- - -	- - -	- - -	- - -	80	80
Assigned to -						
Community and economic development	- - -	1,622,050	- - -	- - -	- - -	1,622,050
Unassigned	4,990	- - -	(1,200)	- - -	(20)	3,770
Total fund balances	11,254	1,622,050	(1,200)	549,960	213,179	2,395,243
Total liabilities, deferred inflows of resources, and fund balances	$108,133	$1,622,050	$ - - -	$552,220	$248,436	$2,530,839

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, 2016

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$2,395,243
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	$ 8,943,951	
Less: accumulated depreciation	(2,835,955)	6,107,996
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		32,073
Other receivables are not available to pay for current period expenditures -		
Interest revenues		3,343
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	$ 4,349	
Interfund payables	(4,349)	- - -
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods, and, therefore, are not reported on the Governmental Funds Balance Sheet:		
Deferred outflows	$ 126,463	
Deferred inflows	(46,077)	80,386
Long-term liabilities, including notes payable, compensated absences, capital leases payable, and pensions, are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet:		
Accrued compensated absences	$ (21,258)	
Notes payable	(144,322)	
Net Pension Liability	(306,272)	
Accrued interest payable	(3,183)	(475,035)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$8,144,006

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, 2016

	GENERAL FUND	UDAG GRANT FUND	2014 CDBG FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	$1,643,684	$ - - -	$ - - -	$ - - -	$ 41,190	$1,684,874
Licenses and permits	101,449	- - -	- - -	- - -	- - -	101,449
Intergovernmental	145,229	- - -	374,159	366,202	46,793	932,383
Charges for services	- - -	- - -	- - -	- - -	3,390	3,390
Fines and forfeitures	4,537	- - -	- - -	- - -	- - -	4,537
Interest	4,177	40	- - -	1,627	7,334	13,178
Miscellaneous	43,680	36,000	1,700	6,750	- - -	88,130
Total revenues	1,942,756	36,040	375,859	374,579	98,707	2,827,941
EXPENDITURES:						
Current:						
General government	968,893	- - -	- - -	- - -	25,744	994,637
Public safety:						
Fire protection	159,789	- - -	- - -	- - -	- - -	159,789
Law enforcement	594,349	- - -	- - -	- - -	- - -	594,349
Animal control	55,635	- - -	- - -	- - -	- - -	55,635
Public works	497,065	- - -	378,269	- - -	- - -	875,334
Culture and recreation	94,500	- - -	- - -	- - -	- - -	94,500
Community and economic development	- - -	38,577	- - -	- - -	153,354	191,931
Capital outlay:						
General government	- - -	- - -	- - -	169,696	35	169,731
Public safety -						
Law enforcement	- - -	- - -	- - -	24,919	- - -	24,919
Public works	- - -	- - -	- - -	64,846	- - -	64,846
Culture and recreation	- - -	- - -	- - -	13,630	- - -	13,630
Debt service:						
Principal	- - -	166,030	- - -	- - -	20,033	186,063
Interest	- - -	3,366	- - -	- - -	7,226	10,592
Total expenditures	2,370,231	207,973	378,269	273,091	206,392	3,435,956
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(427,475)	(171,933)	(2,410)	101,488	(107,685)	(608,015)

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, 2016

	GENERAL FUND	UDAG GRANT FUND	2014 CDBG FUND	2010 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	$(427,475)	$ (171,933)	$(2,410)	$101,488	$(107,685)	$ (608,015)
OTHER FINANCING SOURCES (USES):						
Transfers in	532,456	176,908	4,960	- - -	129,426	843,750
Transfers out	(196,602)	(17,408)	- - -	- - -	(20,061)	(234,071)
Total other financing sources (uses)	335,854	159,500	4,960	- - -	109,365	609,679
NET CHANGE IN FUND BALANCES	(91,621)	(12,433)	2,550	101,488	1,680	1,664
FUND BALANCE - BEGINNING	102,875	1,634,483	(3,750)	448,472	211,499	2,393,579
FUND BALANCE - ENDING	$ 11,254	$1,622,050	$(1,200)	$549,960	$ 213,179	$2,395,243

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, 2016

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,664
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	$ 607,848	
SPLOST assets transferred to Enterprise Funds	(21,721)	
Less: current year depreciation	(260,070)	326,057
Capital assets of governmental activities are not reported in Governmental Funds. An impairment loss must be recognized in the Statement of Activities:		
Estimated realizable value	$ 225,000	
Less: cost of impaired capital assets	(930,146)	(705,146)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds:		
Property taxes	$ 5,769	
Grant revenues	(3,750)	
Note receivable interest	(197)	1,822
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.		16,801
City pension contributions are reported as expenditures Governmental Funds when made. However, they are reported as deferred outflows of resources in the Statement of net position because the net pension liability is measured nine months prior to the City's report date. Pension expense which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities:		
City pension contributions	$ 32,239	
Pension expense	(41,986)	(9,747)
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	$ 186,063	
Interest paid	478	186,541
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$(182,008)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	$ 325,494	$ 460,897	$ 38,172	$ 38,445	$ 863,008
Receivables:					
Accounts	103,177	105,301	- - -	44,648	253,126
Other	1,858	59,311	1,273	332	62,774
Inventory	47,449	- - -	- - -	- - -	47,449
Prepaid items	8,026	231	1,074	1,588	10,919
Note receivable - JONG	- - -	25,752	- - -	- - -	25,752
Total current assets	486,004	651,492	40,519	85,013	1,263,028
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Note receivable - JONG	- - -	75,445	- - -	- - -	75,445
Investments	- - -	762,372	- - -	- - -	762,372
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Buildings	2,175,900	8,000	2,285,313	- - -	4,469,213
Improvements other than buildings	- - -	796,531	243,421	- - -	1,039,952
Machinery and equipment	22,523,342	493,872	284,974	318,567	23,620,755
Accumulated depreciation	(21,122,050)	(601,655)	(908,007)	(194,554)	(22,826,266)
Total long-term assets	3,620,510	1,534,615	2,233,576	135,497	7,524,198
Total assets	4,106,514	2,186,107	2,274,095	220,510	8,787,226
DEFERRED OUTFLOWS OF RESOURCES -					
Pensions	78,816	7,165	7,165	38,332	131,478

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 13,427	$ 133,040	$ 3,108	$ 8,370	$ 157,945
Interest payable	862	- - -	- - -	- - -	862
Customer deposits	40,208	29,518	- - -	- - -	69,726
Accrued expenses	12,246	2,595	3,280	4,643	22,764
Compensated absences	24,976	1,262	6,611	15,518	48,367
Notes payable	36,282	25,752	- - -	- - -	62,034
Post-closure care costs	- - -	- - -	- - -	5,220	5,220
Total current liabilities	128,001	192,167	12,999	33,751	366,918
Long-term liabilities:					
Notes payable	496,474	75,445	- - -	- - -	571,919
Post-closure care cost	- - -	- - -	- - -	82,208	82,208
Pensions	159,546	11,123	6,474	84,380	261,523
Total long-term liabilities	656,020	86,568	6,474	166,588	915,650
Total liabilities	784,021	278,735	19,473	200,339	1,282,568
DEFERRED INFLOWS OF RESOURCES -					
Pensions	21,197	1,116	- - -	11,937	34,250
NET POSITION:					
Net investment in capital assets	3,087,754	696,748	2,233,576	135,497	6,153,575
Unrestricted	292,358	1,216,673	28,211	(88,931)	1,448,311
Total net position	$3,380,112	$1,913,421	$2,261,787	$ 46,566	$7,601,886

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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	$1,469,403	$2,393,204	$ - - -	$470,966	$4,333,573
Rents	- - -	- - -	88,042	- - -	88,042
Miscellaneous	21,540	- - -	33,127	364	55,031
Total operating revenues	1,490,943	2,393,204	121,169	471,330	4,476,646
OPERATING EXPENSES:					
Salaries	367,554	859	98,845	129,293	596,551
Parts and supplies	75,768	7,486	42,589	2,044	127,887
Purchases	- - -	1,637,356	- - -	- - -	1,637,356
Supervision and engineering	19,902	180,222	22,170	- - -	222,294
Equipment rentals	39,332	- - -	- - -	- - -	39,332
Collection fees	152	23	- - -	- - -	175
Taxes	28,149	37,135	6,896	9,743	81,923
Vehicle expense	19,968	1,828	10,738	35,174	67,708
Utilities	254,020	3,833	25,794	3,008	286,655
Repairs and maintenance	83,942	7,152	17,612	58,775	167,481
Depreciation	207,406	24,767	59,560	18,022	309,755
Office expense	8,533	4,405	369	1,048	14,355
Medical	277	- - -	- - -	- - -	277
Insurance	181,523	4,422	26,161	66,671	278,777
Uniforms	3,733	- - -	207	2,112	6,052
Retirement	29,282	2,276	1,744	15,018	48,320
Advertising	1,248	3,168	204	987	5,607
Miscellaneous	15,450	4,422	710	597	21,179
Compactor contract	- - -	- - -	- - -	32,750	32,750
Landfill fees	- - -	- - -	- - -	75,181	75,181
Appliance incentive program	- - -	900	- - -	- - -	900
Total operating expenses	1,336,239	1,920,254	313,599	450,423	4,020,515
OPERATING INCOME (LOSS)	154,704	472,950	(192,430)	20,907	456,131

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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	$ 154,704	$ 472,950	$ (192,430)	$20,907	$ 456,131
NONOPERATING REVENUES (EXPENSES):					
Interest income	127	3,865	42	- - -	4,034
Interest charges	(11,222)	(3,593)	- - -	(264)	(15,079)
Gain (loss) on disposition of assets	- - -	(63,799)	- - -	- - -	(63,799)
Undistributed income from joint venture	- - -	30,806	- - -	- - -	30,806
Total nonoperating revenues (expenses)	(11,095)	(32,721)	42	(264)	(44,038)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	143,609	440,229	(192,388)	20,643	412,093
CAPITAL GRANTS AND CONTRIBUTIONS	21,721	- - -	- - -	- - -	21,721
TRANSFERS IN	3,584	3,891	124,073	3,764	135,312
TRANSFERS OUT	(194,167)	(542,394)	(188)	(8,242)	(744,991)
CHANGE IN NET POSITION	(25,253)	(98,274)	(68,503)	16,165	(175,865)
TOTAL NET POSITION - BEGINNING	3,405,365	2,011,695	2,330,290	30,401	7,777,751
TOTAL NET POSITION - ENDING	$3,380,112	$1,913,421	$2,261,787	$46,566	$7,601,886

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, 2016

	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	$1,495,348	$ 2,558,798	$ 88,042	$ 476,591	$ 4,618,779
Payments to suppliers	(800,633)	(1,886,732)	(153,708)	(321,647)	(3,162,720)
Payments to employees	(368,820)	(160)	(92,169)	(127,914)	(589,063)
Other receipts (payments)	1,497	(26,617)	33,958	247	9,085
Net cash provided (used) by operating activities	327,392	645,289	(123,877)	27,277	876,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	3,584	3,891	124,073	3,764	135,312
Transfers out	(194,167)	(542,394)	(188)	(8,242)	(744,991)
Payments on long-term debt - One Georgia	- - -	(29,407)	- - -	- - -	(29,407)
Interest paid on long-term debt	- - -	(3,593)	- - -	- - -	(3,593)
Net cash provided (used) by noncapital financing activities	(190,583)	(571,503)	123,885	(4,478)	(642,679)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	(40,057)	(71,429)	(16,275)	- - -	(127,761)
Principal paid on capital debt	(44,957)	- - -	- - -	(19,167)	(64,124)
Interest paid on capital debt	(11,313)	- - -	- - -	(629)	(11,942)
Net cash provided (used) by capital and related financing activities	(96,327)	(71,429)	(16,275)	(19,796)	(203,827)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends	127	3,865	42	- - -	4,034
Loan payments received from JONGL	- - -	29,407	- - -	- - -	29,407
Net cash provided (used) by investing activities	127	33,272	42	- - -	33,441

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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 40,609	$ 35,629	$ (16,225)	$ 3,003	$ 63,016
CASH AND CASH EQUIVALENTS - BEGINNING	284,885	425,268	54,397	35,442	799,992
CASH AND CASH EQUIVALENTS - ENDING	$325,494	$460,897	$ 38,172	$ 38,445	$863,008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$154,704	$472,950	$(192,430)	$ 20,907	$456,131
Adjustments to reconcile operating income to net cash provided (used) by operating activities -					
Depreciation expense	207,406	24,767	59,560	18,022	309,755
Change in assets and liabilities:					
Receivables, net	1,110	161,726	- - -	5,625	168,461
Other receivables	1,497	(26,617)	831	(117)	(24,406)
Inventories	(5,862)	12,529	- - -	- - -	6,667
Prepaid items	(1,359)	323	286	1,159	409
Deferred outflows of resources - pensions	(58,054)	(6,072)	(7,165)	(26,640)	(97,931)
Accounts and other payables	(32,133)	(2,903)	1,200	(14,129)	(47,965)
Deposits	3,295	3,868	- - -	- - -	7,163
Accrued expenses	- - -	(2,053)	- - -	(5,569)	(7,622)
Accrued salaries	3,213	267	1,026	751	5,257
Accrued compensated absences	(6,972)	591	6,341	(1,360)	(1,400)
Net pension liability	71,211	6,474	6,474	34,634	118,793
Deferred inflows of resources - pensions	(10,664)	(561)	- - -	(6,006)	(17,231)
Net cash provided (used) by operating activities	$327,392	$645,289	$(123,877)	$ 27,277	$876,081
NONCASH CAPITAL FINANCING ACTIVITIES -					
Contributions of capital assets	$ 21,721	$ - - -	$ - - -	$ - - -	$ 21,721

The notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

Hawkinsville Downtown Development Authority - Management has determined that the Hawkinsville Downtown Development Authority is considered to be a 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 City of Hawkinsville, 96 Broad 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, 96 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, 96 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 - The Jointly Owned Natural Gas (JONG) is a joint venture of the Cities of Warner Robins, Perry, Hawkinsville, Cochran, and Byron, Georgia. The JONG was established in 1953 with the purpose of providing maintenance and related services for the transmission line serving the member cities and customers. The JONG 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 JONG 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 JONG. The income and retained earnings from the JONG as of and for the year ended September 30, 2015, are reported in the Gas Fund for the current year.

Income of $30,806 was reported in the Gas Fund for the year ended June 30, 2016. Total investment in the JONG recorded as an investment by the Gas Fund totaled $762,372 at June 30, 2016.

The City owns approximately 18.97% of the total assets of the JONG.

The audited financial statements of the JONG 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
175 Emery Highway, Suite C
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, 2016, 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.

2014 CDBG - This fund is used to account for and report revenue and expenditures of the CDBG Grant for water system and sanitary sewer infrastructure improvements.

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 aspects other than those financed by Proprietary Funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

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

Special Revenue Funds:

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.

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, 2016, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

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, 2016, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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.

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:

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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 $52,803. Due to the delinquent nature of these fines, the City recorded an allowance for uncollectibles in the amount of $52,803.

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 October 1, become delinquent after December 1, and fifa's are recorded on or after March 1.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

N. PREPAID ITEMS: Payments made to vendors for services that benefit periods beyond June 30, 2016, are recorded as prepaid items.

O. DEPOSITS: Deposits at June 30, 2016, 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 Jointly Owned Natural Gas 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, 2016, accrued vacation leave of $21,258 has been recorded in the government-wide Statement of Net Position in the Governmental Activities and $48,367 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 has only one type of item, which arises under the accrual basis of accounting, that qualifies for reporting in this category. Pension plan contributions made subsequent to the measurement date of the Pension plan are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, Training Facility Fund, and the Sanitation Fund. These amounts are deferred and recognized as outflows of resources in the period that the amounts become applicable.

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 several types of items that qualify for reporting in this category. Under the modified accrual basis of accounting, unavailable revenue from property taxes is reported only in the governmental funds balance sheet. Under the accrual basis of accounting, pension related items are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, and the Sanitation Fund. 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. PENSIONS: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Hawkinsville Retirement Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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.

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, 2016.

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, 2016, $867,089 of the City's bank balance of $1,672,519 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held in the pledging financial institution's trust department or agent in the City's name	$867,089
Total	$867,089

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund balances at June 30, 2016, 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	$4,349	$4,349
Total	$4,349	$4,349

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

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfers from:							
Transfers to:	General Fund	UDAG Grant	Nonmajor Governmental Fund	Water and Sewerage Fund	Gas Fund	Training Facility Fund	Sanitation Fund	Total
General Fund	$ - - -	$ - - -	$19,911	$106,879	$401,074	$ 188	$4,404	$532,456
Special Revenue Funds:								
UDAG Grant	105,956	- - -	150	70,802	- - -	- - -	- - -	176,908
2014 CDBG	- - -	- - -	- - -	4,960	- - -	- - -	- - -	4,960
Nonmajor Governmental Funds	85,518	17,408	- - -	- - -	26,500	- - -	- - -	129,426
Water and Sewerage Fund	477	- - -	- - -	- - -	1,144	- - -	1,963	3,584
Gas Fund	148	- - -	- - -	2,959	- - -	- - -	784	3,891
Training Facility Fund	1,149	- - -	- - -	8,207	113,626	- - -	1,091	124,073
Sanitation Fund	3,354	- - -	- - -	360	50	- - -	- - -	3,764
Total	$196,602	$17,408	$20,061	$194,167	$542,394	$ 188	$8,242	$979,062

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 $21,721 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, 2016, $485,000 has been advanced. Unadvanced funds on this note at June 30, 2016, 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, 2016, 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, 2016, $1,000,000 has been advanced to River Market. There were no unadvanced funds on this note at June 30, 2016. 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, 2016, $160,000 has been advanced to Cotton Mill. There were no unadvanced funds on this note at June 30, 2016.

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.	$127,697

7. NOTE RECEIVABLE - JOINTLY OWNED NATURAL GAS:

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

A description of the note outstanding is as follows:

	Amount Due
JONG - The note is due in 100 monthly installments of $7,125 including interest at 3% per annum. Payments began on October 7, 2004.	$101,197

8. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 826,472	$ 176,830	$247,636	$ - - -	$ 755,666
Buildings	643,590	- - -	457,510	- - -	186,080
Construction in progress	38,750	384,319	- - -	- - -	423,069
Total capital assets, not being depreciated	1,508,812	561,149	705,146	- - -	1,364,815
Capital assets, being depreciated:					
Buildings	3,880,526	9,000	- - -	- - -	3,889,526
Improvements other than buildings	1,064,353	- - -	- - -	- - -	1,064,353
Infrastructure	2,166,205	- - -	- - -	- - -	2,166,205
Machinery and equipment	443,074	37,699	- - -	(21,721)	459,052
Total capital assets, being depreciated	7,554,158	46,699	- - -	(21,721)	7,579,136
Less accumulated depreciation for:					
Buildings	1,192,759	89,166	- - -	- - -	1,281,925
Improvements other than buildings	446,324	40,099	- - -	- - -	486,423
Infrastructure	623,680	101,151	- - -	- - -	724,831
Machinery and equipment	313,122	29,654	- - -	- - -	342,776
Total accumulated depreciation	2,575,885	260,070	- - -	- - -	2,835,955
Total capital assets, being depreciated, net	4,978,273	(213,371)	- - -	(21,721)	4,743,181
Governmental activities capital assets, net	$6,487,085	$ 347,778	$705,146	$(21,721)	$6,107,996

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. During the year ended June 30, 2016, the City recorded an impairment loss in the amount $705,146 in the government-wide Statement of Activities to record the Spec Building at net realizable value of $225,000 due to the sale of the Spec Building subsequent to year end.

8. CAPITAL ASSETS: (continued)

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Business-type Activities:					
Capital assets, not being depreciated -					
Land	$ 382,677	$ - - -	$ - - -	$ - - -	$ 382,677
Total capital assets, not being depreciated	382,677	- - -	- - -	- - -	382,677
Capital assets, being depreciated:					
Buildings	4,469,213	- - -	- - -	- - -	4,469,213
Improvements other than buildings	952,247	87,705	- - -	- - -	1,039,952
Machinery and equipment	23,686,576	40,057	127,599	21,721	23,620,755
Total capital assets, being depreciated	29,108,036	127,762	127,599	21,721	29,129,920
Less accumulated depreciation for:					
Buildings	2,566,251	51,099	- - -	- - -	2,617,350
Improvements other than buildings	347,574	21,849	- - -	- - -	369,423
Machinery and equipment	19,666,485	236,807	63,799	- - -	19,839,493
Total accumulated depreciation	22,580,310	309,755	63,799	- - -	22,826,266
Total capital assets, being depreciated, net	6,527,726	(181,993)	63,800	21,721	6,303,654
Business-type activities capital assets, net	$ 6,910,403	$(181,993)	$ 63,800	$21,721	$ 6,686,331

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

Governmental activities:	
General government	$211,021
Public safety -	
Animal control	613
Public works	48,436
Total depreciation expense - governmental activities	$260,070
Business-type activities:	
Water and Sewerage	$207,406
Gas	24,767
Training Facility	59,560
Sanitation	18,022
Total depreciation expense - business-type activities	$309,755

9. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The following table provides detail regarding the deferred outflows and inflows of resources on the government-wide Statement of Net Position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, and the Sanitation Fund:

	Government-Wide		Proprietary Funds			
	Governmental Activities	Business-Type Activities	Water and Sewerage Fund	Gas Fund	Training Facility Fund	Sanitation Fund
Deferred Outflows						
Pensions:						
City contributions subsequent to measurement date	$ 32,239	$ 33,516	$20,092	$1,826	$1,826	$ 9,772
Differences between expected and actual experience	21,738	22,600	13,548	1,232	1,232	6,588
Net differences between projected and actual earnings on pension plan investments	72,486	75,362	45,176	4,107	4,107	21,972
Total deferred outflows	$126,463	$131,478	$78,816	$7,165	$7,165	$38,332
Deferred Inflows						
Pensions:						
Differences between expected and actual experience	$ 7,997	$ 5,945	$ 3,679	$ 194	$- - -	$ 2,072
Changes of assumptions	3,735	2,776	1,718	90	- - -	968
Net differences between projected and actual earnings on pension plan investments	34,345	25,529	15,800	832	- - -	8,897
Total deferred inflows	$ 46,077	$ 34,250	$21,197	$1,116	$- - -	$11,937

10. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 38,059	$ - - -	$ 16,801	$ 21,258	$ 21,258
Notes payable - Hawkinsville Development Authority	166,030	- - -	166,030	- - -	- - -
Notes payable - Workforce Development Center	164,355	- - -	20,033	144,322	20,910
Pensions	192,011	279,865	165,604	306,272	- - -
Total governmental activities	$ 560,455	$279,865	$368,468	$ 471,852	$ 42,168
Business-type activities:					
Compensated absences	$ 49,767	$ - - -	$ 1,400	$ 48,367	$ 48,367
Notes payable	708,317	- - -	74,364	633,953	62,034
Capital lease payable	19,167	- - -	19,167	- - -	- - -
Post-closure care costs	92,997	- - -	5,569	87,428	5,220
Pensions	142,730	290,965	172,172	261,523	- - -
Total business-type activities	$1,012,978	$290,965	$272,672	$1,031,271	$115,621

10. LONG-TERM OBLIGATIONS: (continued)

A. LONG-TERM OBLIGATIONS FOR GOVERNMENTAL ACTIVITIES:

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

Notes payable - Hawkinsville Development Authority - The Hawkinsville Development Authority, a blended component unit shown as a Special Revenue Fund, entered into a loan agreement with SunMark Community Bank to finance a speculative building on January 1, 2002. The note payable was paid in full during April 2016.

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, 2016, the City has fully funded the reserve which is maintained in a separate bank account in the amount of $29,738. The note payable at June 30, 2016, consisted of the following:

USDA - $510,000 note due in forty annual installments of $27,224 including interest at 4.375%.	$144,322
Less current portion	20,910
Total long-term portion	$123,412

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2016, are as follows:

Year ending June 30,	Principal	Interest	Total
2017	$ 20,910	$ 6,314	$ 27,224
2018	21,825	5,399	27,224
2019	22,780	4,444	27,224
2020	23,776	3,448	27,224
2021	24,816	2,408	27,224
2022-2023	30,215	1,510	31,725
Total	$144,322	$23,523	$167,845

10. LONG-TERM OBLIGATIONS: (continued)

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

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

Notes and leases payable - Enterprise fund notes and leases payable at June 30, 2016, 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%.	$ 1,924
Georgia Environmental Facilities Authority (GEFA) - $735,697 note due in 240 monthly installments of approximately $3,722, including interest at 2%.	530,832
Total	532,756
Less current portion	36,282
Total long-term portion	$496,474

The annual debt service requirements to maturity, including principal and interest, for the Enterprise Fund notes and leases payable as of June 30, 2016 are as follows:

Year ending June 30,	GEFA Principal	GEFA Interest	GEFA Total	GEFA Principal	GEFA Interest	GEFA Total
2017	$1,924	$ 9	$1,933	$ 34,358	$10,303	$ 44,661
2018	- - -	- - -	- - -	35,052	9,609	44,661
2019	- - -	- - -	- - -	35,759	8,902	44,661
2020	- - -	- - -	- - -	36,481	8,180	44,661
2021	- - -	- - -	- - -	37,217	7,444	44,661
2022-2026	- - -	- - -	- - -	197,663	25,642	223,305
2027-2030	- - -	- - -	- - -	154,302	5,722	160,024
Total	$1,924	$ 9	$1,933	$530,832	$75,802	$606,634

Year ending June 30,	TOTALS Principal	TOTALS Interest	TOTALS Total
2017	$ 36,282	$10,312	$ 46,594
2018	35,052	9,609	44,661
2019	35,759	8,902	44,661
2020	36,481	8,180	44,661
2021	37,217	7,444	44,661
2022-2026	197,663	25,642	223,305
2027-2030	154,302	5,722	160,024
Total	$532,756	$75,811	$608,567

10. LONG-TERM OBLIGATIONS: (continued)

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 (JONG). The City disbursed these funds to JONG. The note payable to One Georgia at June 30, 2016, consisted of the following:

One Georgia Authority - $500,000 note due in one hundred quarterly installments of $7,125 including interest at 3%.	$101,197
Less current portion	25,752
Total long-term portion	$ 75,445

The annual debt service requirements to maturity, including principal and interest, for the One Georgia Authority note payable as of June 30, 2016, are as follows:

Year ending June 30,	Principal	Interest	Total
2017	$ 25,752	$2,748	$ 28,500
2018	26,534	1,966	28,500
2019	27,339	1,161	28,500
2020	21,572	329	21,901
Total	$101,197	$6,204	$107,401

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, 2016 is $10,292. Total accumulated depreciation for the year ended June 30, 2016 is $52,318. This asset under a capital lease is depreciated under the City's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense. This capital lease was paid in full during December 2015.

10. LONG-TERM OBLIGATIONS: (continued)

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 $87,428 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2016, 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 $5,569 were paid.

The post-closure care costs requirements as of June 30, 2016 are as follows:

Year ending June 30,	
2017	$ 5,220
2018	5,220
2019	5,220
2020	5,220
2021	5,220
2022-2026	26,100
2027-2031	26,100
2032-2033	9,128
Total	$87,428

11. DEFICIT FUND EQUITY:

There were no deficit net position items in any individual fund for the fiscal year ended June 30, 2016.

The 2013 CHIP Grant Special Revenue Fund ended the year with a deficit fund balance of $20 due to the recording of wire transfer fees payable as of June 30, 2016. Management expects to eliminate this deficit by drawing down CHIP Grant funds as construction is completed.

The 2014 CDBG Special Revenue Fund ended the year with a deficit fund balance of $1,200 due to the recording of administrative fees payable as of June 30, 2016. Management expects to eliminate this deficit by drawing down CDBG funds as construction is completed.

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

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS - There were no expenditures in excess of appropriations for the year ended June 30, 2016.

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	$ 27,604	$ - - -	$ 27,604
Capital projects	574,752	- - -	574,752
Community and economic development	- - -	155,883	155,883
Cemetery:			
Expendable	- - -	80	80
Nonexpendable	- - -	5,000	5,000
Total restricted net position - Governmental Activities	$602,356	$160,963	$763,319

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 $107,167. Also, these three commercial customers accounted for approximately 38.44% 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 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, SW, Atlanta, Georgia 30303.

Benefits - The Plan provides benefits upon retirement, death, disablement, and termination of employment to Plan participants and beneficiaries, if certain eligibility conditions are met. All employees who work at least thirty (30) hours per week and have been employed after September 1, 1970, and City officials elected since October 1, 1973, are eligible to participate. Employees were eligible to participate after completion of one year of service. Elected officials are immediately eligible to participate. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. Employees are considered vested after 10 years and City officials are vested immediately. 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.

Employees who retire at or after age 65 with a minimum of 5 years of service are entitled to an annual retirement benefit, payable monthly for life. Fire fighters and police officers have a normal retirement age of 62. An employee may elect early retirement at age 55 (age 52 for police and fire) with a minimum of 10 years of service to receive full benefits. Elected officials are entitled to $39 for each year of service after reaching normal retirement age. If hired prior to September 1, 1984, an employee is entitled to an amount equal to 1.0% of their final average earnings up to Covered Compensation break point plus 1.75% of their final average earnings in excess of the Covered Compensation break point multiplied by years and months of service to a maximum of 35 years. If hired on or after September 1, 1984, an employee is entitled to an amount equal to 1.25% of their final average earnings up to Covered Compensation break point plus 2.0% of their final average earnings in excess of the Dynamic break point multiplied by years and months of service to a maximum of 35 years. Final average earnings is the highest average of the participant's earnings over 5 consecutive Plan years in which the participant's earnings are the highest. The Covered Compensation break point is based on the year of the participant's birth per a table in the Plan's documents. The Dynamic break point is determined by the year of termination of employment by taking an average of the maximum amount of earnings for which Social Security taxes are payable over a period of approximately 35 years.

18. PENSION PLAN: (continued)

Plan Membership - As of January 1, 2016, the most recent actuarial valuation date, the Plan membership consisted of the following categories of participants:

Group		Number of Employees
Retirees and beneficiaries currently receiving benefits		40
Vested terminated employees not yet receiving benefits		14
Active employees:		
Vested	18	
Nonvested	12	30
Total membership in the plan		84

Contributions - 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 amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year. The contribution requirement for the year ended June 30, 2016, was $76,659 which was 10.08% of the covered payroll. The amount of the current year covered payroll is $760,130.

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 $76,659. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). 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.

Net pension liability - Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

Actuarial assumptions - The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2016. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% per year plus service based merit increases
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

18. PENSION PLAN: (continued)

Mortality rates were based on the RP-2000, Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females for healthy participants and the RP-2000 Disabled Retiree Mortality Table for disabled participants.

The mortality and economic actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	$892,212	$567,795	$288,354

18. PENSION PLAN: (continued)

Changes in the Net Pension Liability - The measurement date of the net pension liability was September 30, 2015. The date of the actuarial valuation on which the total pension liability is based was January 1, 2016.

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)
Balances at September 30, 2014	$3,246,484	$2,911,743	$ 334,741
Changes for the year:			
Service cost	49,560	- - -	49,560
Interest	243,829	- - -	243,829
Differences between expected and actual experience	66,508	- - -	66,508
Contributions - employer	- - -	100,594	(100,594)
Net investment income	- - -	36,574	(36,574)
Benefit payments, including refunds of employee contributions	(200,608)	(200,608)	- - -
Administrative expense	- - -	(10,325)	10,325
Net changes	159,289	(73,765)	233,054
Balances at September 30, 2015	$3,405,773	$2,837,978	$ 567,795

Changes of assumptions:

The eligibility assumption has been changed from one year to immediate participation. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changes from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation assumption was decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included and inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

18. PENSION PLAN: (continued)

Benefit changes - Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Pension expense -

Service cost	$ 49,560
Interest on TPL	243,829
Administrative expenses	10,325
Expected return on assets	(221,384)
Expensed portion of current year period differences between expected and actual experience in TPL	22,170
Expensed portion of current year period differences between projected and actual investment earnings	36,962
Current year recognition of deferred inflows and outflows established in prior years	(40,411)
Total pension expense	$ 101,051

Deferred outflows/inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 44,338	$(13,942)
Changes of assumptions	- - -	(6,511)
Net difference between projected and actual earnings on pension plan investments	147,848	(59,874)
City contributions subsequent to the measurement date	65,755	- - -
Total deferred outflows/inflows of resources related to pensions	$257,941	$(80,327)

The $65,755 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/inflows:

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	$ 59,131	$(40,411)
2018	59,131	(19,958)
2019	36,962	(19,958)
2020	36,962	- - -
Total projected recognition of deferred outflows/inflows	$192,186	$(80,327)

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.

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 2016 totaled $36,000.

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, 2016, rent expenditures for the City totaled $1,680. The following is a schedule of annual lease requirements as of June 30, 2016:

Year ending June 30	Amount
2017	$1,680
2018	1,680
2019	700
	$4,060

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, 2016 is as follows:

	Amount	Percentage of Tax Receipts
Receipts:		
Lodging tax receipts	$41,190	
Expenditures:		
Hawkinsville Pulaski Chamber of Commerce, Inc.	$25,744	62.50%
General Fund	15,446	37.50%
Total expenditures	$41,190	

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, 2016. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

22. COMMITMENTS AND CONTINGENCIES: (continued)

The City has received communication from the Environmental Protection Agency (EPA) regarding a violation of the 2008 Water Shed Protection Plan. The City is currently responding to the communication in an effort to remedy the violations. The likelihood of an unfavorable outcome relative to these violations and an estimate of the amount or range of any fine or assessment, if any, cannot be determined at this time. The City has responded to the EPA's communication and is planning improvements to the wastewater system to remedy the violations.

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) 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 was fulfilled by the City issuing a zero rate loan of $648,800 for 30 years. The loan was 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 was funded by the HDDA issuing a loan of $160,000 with a term of 20 years and an interest rate of 5.50%.

The City received notification that the Redevelopment Fund Grant had been approved. The grant proceeds were 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 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 were loaned to the project under the terms of the commitment. The HDDA recorded a note receivable from the Cotton Mill Lofts, LLC, as discussed in Note 6. The City has budgeted $24,000 for the 2016-2017 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 $49,525 per month which may be adjusted annually.

22. COMMITMENTS AND CONTINGENCIES: (continued)

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 was used to construct 11 housing units in the non-historic building adjacent to the proposed community market. This is a component of the Pillowtex Redevelopment. As of June 30, 2013, the City had 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 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.

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.

During the year ended June 30, 2015, the City amended its Municipal Charter by deleting Article IV entitled "Judicial Branch" in its entirety. The City entered into an agreement with Pulaski County, Georgia (County) to handle adjudication of traffic offenses and other violations of the State and Municipal Code through its Probate Court and the Superior Court of Pulaski County. The City agreed to pay the County $1,667 per month. All fines and revenues received as a result of citations issued by the Sheriff's Department of Pulaski County in the City as determined by the Probate Court and the Superior Court shall be the sole property of the County.

During the year ended June 30, 2016, the City agreed to enter into an agreement to accept financing along with the four other cities which own beneficial interests in the Jointly Owned Natural Gas (JONG) to facilitate the construction of a pipeline to Sofkee Industrial Park to meet the natural gas requirements of Kumho Tire Georgia, Inc. (KTG, Inc.) which is constructing a large industrial manufacturing facility in the Park. The JONG has secured a line of credit from CB&T Bank not to exceed $1.1 million dollars. It is expected that the natural gas requirement of KTG, Inc. should create revenue to satisfy the debt service requirement without capital from the JONG partnering cities. However, the loan recipients will be the five JONG cities and each city will be responsible for its proportionate share of the debt incurred. The City's ownership in JONG is 18.97% at June 30, 2016. As of September 30, 2015, the outstanding balance of the debt was $261,060 per JONG's audit report.

23. SUBSEQUENT EVENTS:

Subsequent to year end, the City and Hawkinsville Development Authority sold the Spec Building to Brickyard Solutions, LLC for $225,000. The Spec Building was written down to net realizable value of $225,000 as of June 30, 2016.

Subsequent to year end, the City entered into a gas purchases contract with the Municipal Gas Authority of Georgia to obtain and supply the City's gas requirements for resale to its citizens, inhabitants, and customers through its gas distribution system.

Also, during the year ended June 30, 2016, Hollingsworth & Vose Company (H&V) announced an expansion opportunity which would create full time jobs for the City of Hawkinsville. Contingent upon H&V's selection of Hawkinsville for this expansion, the City is prepared to offer a $1,000,000 grant towards the dehumidification equipment needed for the expansion.

Subsequent to year end, the City signed a Master Engineering Services Agreement with Carter & Sloope, Inc. for the Hawkinsville Wastewater Treatment Facility Rehabilitation in the amount of $144,000. This contract is Phase 1 of the rehabilitation of the wastewater treatment plant noted by the Environmental Protection Agency violation as mentioned in Note 22.

Also, the City signed a contract with American Tank Maintenance for the exterior and interior coating renovation and piping installation on the 8,000 gallon standpipe bolted tank in the amount of $39,321.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

	2016	2015	2014
Total pension liability			
Service cost	$ 49,560	$ 51,430	$ 46,003
Interest	243,829	240,806	233,260
Differences between expected and actual experience	66,508	(41,825)	(8,382)
Changes of assumptions	- - -	(19,534)	- - -
Benefit payments, including refunds of employee contributions	(200,608)	(183,134)	(163,886)
Net change in total pension liability	159,289	47,743	106,995
Total pension liability - beginning	3,246,484	3,198,741	3,091,746
Total pension liability - ending	$3,405,773	$3,246,484	$3,198,741
Plan fiduciary net position			
Contributions - employer	$ 100,594	$ 117,623	$ 118,378
Net investment income	36,574	304,694	389,345
Benefit payments, including refunds of employee contributions	(200,608)	(183,134)	(163,886)
Administrative expense	(10,325)	(8,202)	(15,316)
Net change in fiduciary net position	(73,765)	230,981	328,521
Plan fiduciary net position - beginning	2,911,743	2,680,762	2,352,241
Plan fiduciary net position - ending	$2,837,978	$2,911,743	$2,680,762
Net pension liability - ending	$ 567,795	$ 334,741	$ 517,979
Plan's fiduciary net position as a percentage of the total pension liability	83.33%	89.69%	83.81%
Covered employee payroll	$ 760,130	$ 867,622	$ 854,946
Net pension liability as a percentage of covered employee payroll	74.70%	38.58%	60.59%

SCHEDULE OF CONTRIBUTIONS -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

	2016	2015	2014
Actuarially determined contribution	$ 87,674	$ 104,901	$ 109,677
Contributions in relation to the actuarially determined contribution	87,674	104,901	109,677
Contribution deficiency (excess)	$ - - -	$ - - -	$ - - -
Covered employee payroll	$ 760,130	$ 867,622	$ 854,946
Contributions as a percentage of covered employee payroll	11.53%	12.09%	12.82%

CITY OF HAWKINSVILLE, GEORGIA
NOTES TO SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
JUNE 30, 2016

Valuation Date: Actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method		Projected unit credit
Amortization method		Closed level dollar for remaining unfunded liability
Remaining amortization period		Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method		Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceed or is less than the market value at end of year. The actuarial value is adjust, if necessary, to be within 20% of market value.
Net investment rate of return		7.75%
Projected salary increases		3.25% per year plus service based merit increases
Cost of living adjustments		0.00%
Retirement age		Class 0 - age 65 with 5 years of service; Class 1 - age 62 plus 5 years of service; Elected officials - age 65
Mortality Rates:	Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
	Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
	Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

See Note 18 for changes in assumptions and benefit changes.

NOTE: The above information should include 10 years, if available, per GASB Statement No. 68; however, during the transition period, information should be presented for as many years as are available. The year ended June 30, 2014 is the first year that data has been measured in accordance with GASB Statement No. 68.

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	$1,643,570	$1,825,500	$1,643,684	$(181,816)
Licenses and permits	85,635	133,500	101,449	(32,051)
Intergovernmental	102,400	112,000	145,229	33,229
Fines and forfeitures	10,000	12,000	4,537	(7,463)
Interest	3,525	7,204	4,177	(3,027)
Miscellaneous	13,875	17,050	43,680	26,630
Total revenues	1,859,005	2,107,254	1,942,756	(164,498)
EXPENDITURES:				
General government:				
Administration	934,920	946,033	946,033	- - -
Emergency Management Agency	22,860	22,860	22,860	- - -
Public safety:				
Fire protection	159,390	159,789	159,789	- - -
Law enforcement	602,300	602,300	594,349	7,951
Animal control	70,300	70,300	55,635	14,665
Public works	456,930	497,065	497,065	- - -
Culture and recreation:				
Recreation board	75,000	75,000	75,000	- - -
Library Board	19,500	19,500	19,500	- - -
Total expenditures	2,341,200	2,392,847	2,370,231	22,616
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(482,195)	(285,593)	(427,475)	(141,882)
OTHER FINANCING SOURCES (USES):				
Transfers in	482,195	482,195	532,456	50,261
Transfers out	- - -	(196,602)	(196,602)	- - -
Total other financing sources (uses)	482,195	285,593	335,854	50,261
NET CHANGE IN FUND BALANCES	- - -	- - -	(91,621)	(91,621)
FUND BALANCE - BEGINNING	102,875	102,875	102,875	- - -
FUND BALANCE - ENDING	$ 102,875	$ 102,875	$ 11,254	$ (91,621)

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ 100	$ 100	$ 40	$ (60)
Miscellaneous	56,000	118,523	36,000	(82,523)
Total revenues	56,100	118,623	36,040	(82,583)
EXPENDITURES -				
Community and economic development	145,450	207,973	207,973	- - -
Total expenditures	145,450	207,973	207,973	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(89,350)	(89,350)	(171,933)	(82,583)
OTHER FINANCING SOURCES (USES):				
Transfers in	192,850	192,850	176,908	(15,942)
Transfers out	(103,500)	(103,500)	(17,408)	86,092
Total other financing sources (uses)	89,350	89,350	159,500	70,150
NET CHANGE IN FUND BALANCES	- - -	- - -	(12,433)	(12,433)
FUND BALANCE - BEGINNING	1,634,483	1,634,483	1,634,483	- - -
FUND BALANCE - ENDING	$1,634,483	$1,634,483	$1,622,050	$(12,433)

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 - 2014 CDBG
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$465,000	$465,000	$374,159	$(90,841)
Miscellaneous	- - -	- - -	1,700	1,700
Total revenues	465,000	465,000	375,859	(89,141)
EXPENDITURES -				
Public works	475,000	475,000	378,269	96,731
Total expenditures	475,000	475,000	378,269	96,731
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(10,000)	(2,410)	7,590
OTHER FINANCING SOURCES (USES) -				
Transfers in	10,000	10,000	4,960	(5,040)
Total other financing sources (uses)	10,000	10,000	4,960	(5,040)
NET CHANGE IN FUND BALANCES	- - -	- - -	2,550	2,550
FUND BALANCE - BEGINNING	(3,750)	(3,750)	(3,750)	- - -
FUND BALANCE - ENDING	$ (3,750)	$ (3,750)	$ (1,200)	$ 2,550

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, 2016.

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	CEMETERY FUND	HOTEL / MOTEL TAX	MILL PROJECT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT	HAWKINSVILLE DEVELOPMENT AUTHORITY
ASSETS						
Cash - financial institutions	$5,075	$- - -	$- - -	$- - -	$ 4,370	$- - -
Receivables:						
Interest	5	- - -	- - -	- - -	- - -	- - -
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -
Intergovernmental	- - -	- - -	- - -	- - -	26,518	- - -
Interfund balances	- - -	4,349	- - -	- - -	- - -	- - -
Total assets	$5,080	$4,349	$- - -	$- - -	$30,888	$- - -
LIABILITIES AND FUND BALANCES						
LIABILITIES -						
Accounts payable	$- - -	$4,349	$- - -	$- - -	$30,908	$- - -
Total liabilities	- - -	4,349	- - -	- - -	30,908	- - -
FUND BALANCE:						
Nonspendable -						
Cemetery fund principal	5,000	- - -	- - -	- - -	- - -	- - -
Restricted for:						
Community and economic development	- - -	- - -	- - -	- - -	- - -	- - -
Capital projects	- - -	- - -	- - -	- - -	- - -	- - -
Debt service	- - -	- - -	- - -	- - -	- - -	- - -
Cemetery improvements	80	- - -	- - -	- - -	- - -	- - -
Unassigned	- - -	- - -	- - -	- - -	(20)	- - -
Total fund balances	5,080	- - -	- - -	- - -	(20)	- - -
Total liabilities and fund balances	$5,080	$4,349	$- - -	$- - -	$30,888	$- - -

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS (CONTINUED)		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	GENERAL SPLOST	WORKFORCE DEVELOPMENT CENTER	
ASSETS					
Cash - financial institutions	$- - -	$ 24,843	$24,792	$30,787	$ 89,867
Receivables:					
Interest	- - -	- - -	- - -	- - -	5
Notes, net of allowance	- - -	127,697	- - -	- - -	127,697
Intergovernmental	- - -	- - -	- - -	- - -	26,518
Interfund balances	- - -	- - -	- - -	- - -	4,349
Total assets	$- - -	$152,540	$24,792	$30,787	$248,436
LIABILITIES AND FUND BALANCES					
LIABILITIES -					
Accounts payable	$- - -	$ - - -	$ - - -	$ - - -	$ 35,257
Total liabilities	- - -	- - -	- - -	- - -	35,257
FUND BALANCE:					
Nonspendable -					
Cemetery fund principal	- - -	- - -	- - -	- - -	5,000
Restricted for:					
Community and economic development	- - -	152,540	- - -	- - -	152,540
Capital projects	- - -	- - -	24,792	- - -	24,792
Debt service	- - -	- - -	- - -	30,787	30,787
Cemetery improvements	- - -	- - -	- - -	- - -	80
Unassigned	- - -	- - -	- - -	- - -	(20)
Total fund balances	- - -	152,540	24,792	30,787	213,179
Total liabilities and fund balances	$- - -	$152,540	$24,792	$30,787	$248,436

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	CEMETERY FUND	HOTEL / MOTEL TAX	MILL PROJECT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT	HAWKINSVILLE DEVELOPMENT AUTHORITY
REVENUES:						
Taxes	$- - -	$ 41,190	$- - -	$- - -	$ - - -	$ - - -
Intergovernmental	- - -	- - -	- - -	- - -	46,793	- - -
Charges for services	- - -	- - -	- - -	- - -	- - -	- - -
Interest	25	- - -	- - -	- - -	- - -	- - -
Total revenues	25	41,190	- - -	- - -	46,793	- - -
EXPENDITURES:						
Current:						
General government	- - -	25,744	- - -	- - -	- - -	- - -
Community and economic development	- - -	- - -	- - -	- - -	46,853	5,523
Capital outlay -						
General government	- - -	- - -	- - -	- - -	- - -	- - -
Debt service:						
Principal	- - -	- - -	- - -	- - -	- - -	- - -
Interest	- - -	- - -	- - -	- - -	- - -	- - -
Total expenditures	- - -	25,744	- - -	- - -	46,853	5,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25	15,446	- - -	- - -	(60)	(5,523)
OTHER FINANCING SOURCES (USES):						
Transfers in	- - -	- - -	- - -	- - -	- - -	5,523
Transfers out	- - -	(15,446)	- - -	- - -	- - -	(150)
Total other financing sources (uses)	- - -	(15,446)	- - -	- - -	- - -	5,373
NET CHANGE IN FUND BALANCES	25	- - -	- - -	- - -	(60)	(150)
FUND BALANCE - BEGINNING	5,055	- - -	- - -	- - -	40	150
FUND BALANCE - ENDING	$5,080	$ - - -	$- - -	$- - -	$ (20)	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS (CONTINUED)		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	HAWKINSVILLE URBAN REDEVELOPMENT AGENCY	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY	GENERAL SPLOST	WORKFORCE DEVELOPMENT CENTER	
REVENUES:					
Taxes	$ - - -	$ - - -	$ - - -	$ - - -	$ 41,190
Intergovernmental	- - -	- - -	- - -	- - -	46,793
Charges for services	- - -	3,390	- - -	- - -	3,390
Interest	- - -	7,298	5	6	7,334
Total revenues	- - -	10,688	5	6	98,707
EXPENDITURES:					
Current:					
General government	- - -	- - -	- - -	- - -	25,744
Community and economic development	- - -	100,978	- - -	- - -	153,354
Capital outlay -					
General government	- - -	- - -	35	- - -	35
Debt service:					
Principal	- - -	- - -	- - -	20,033	20,033
Interest	- - -	- - -	- - -	7,226	7,226
Total expenditures	- - -	100,978	35	27,259	206,392
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	(90,290)	(30)	(27,253)	(107,685)
OTHER FINANCING SOURCES (USES):					
Transfers in	- - -	97,403	- - -	26,500	129,426
Transfers out	(4,465)	- - -	- - -	- - -	(20,061)
Total other financing sources (uses)	(4,465)	97,403	- - -	26,500	109,365
NET CHANGE IN FUND BALANCES	(4,465)	7,113	(30)	(753)	1,680
FUND BALANCE - BEGINNING	4,465	145,427	24,822	31,540	211,499
FUND BALANCE - ENDING	$ - - -	$152,540	$24,792	$ 30,787	$ 213,179

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 30	$ 30	$ 25	$ (5)
Total revenues	30	30	25	(5)
EXPENDITURES -				
Public works	30	30	- - -	30
Total expenditures	30	30	- - -	30
NET CHANGE IN FUND BALANCES	- - -	- - -	25	25
FUND BALANCE - BEGINNING	5,055	5,055	5,055	- - -
FUND BALANCE - ENDING	$5,055	$5,055	$5,080	$ 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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Taxes	$ 41,600	$ 41,600	$ 41,190	$ (410)
Total revenues	41,600	41,600	41,190	(410)
EXPENDITURES -				
General government	26,000	26,000	25,744	256
Total expenditures	26,000	26,000	25,744	256
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,600	15,600	15,446	(154)
OTHER FINANCING SOURCES (USES) -				
Transfers out	(15,600)	(15,600)	(15,446)	154
Total other financing sources (uses)	(15,600)	(15,600)	(15,446)	154
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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$37,900	$46,713	$46,793	$ 80
Total revenues	37,900	46,713	46,793	80
EXPENDITURES -				
Community and economic development	38,040	46,853	46,853	- - -
Total expenditures	38,040	46,853	46,853	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(140)	(140)	(60)	80
OTHER FINANCING SOURCES (USES) -				
Transfers in	140	140	- - -	(140)
Total other financing sources (uses)	140	140	- - -	(140)
NET CHANGE IN FUND BALANCES	- - -	- - -	(60)	(60)
FUND BALANCE - BEGINNING	40	40	40	- - -
FUND BALANCE - ENDING	$ 40	$ 40	$ (20)	$ (60)

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$109,000	$109,150	$ - - -	$(109,150)
Total revenues	109,000	109,150	- - -	(109,150)
EXPENDITURES -				
Community and economic development	117,500	117,500	5,523	111,977
Total expenditures	117,500	117,500	5,523	111,977
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,500)	(8,350)	(5,523)	2,827
OTHER FINANCING SOURCES (USES):				
Transfers in	8,500	8,500	5,523	(2,977)
Transfers out	- - -	(150)	(150)	- - -
Total other financing sources (uses)	8,500	8,350	5,373	(2,977)
NET CHANGE IN FUND BALANCES	- - -	- - -	(150)	(150)
FUND BALANCE - BEGINNING	150	150	150	- - -
FUND BALANCE - ENDING	$ 150	$ 150	$ - - -	$ (150)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HAWKINSVILLE URBAN REDEVELOPMENT AGENCY
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Miscellaneous	$- - -	$ 4,465	$ - - -	$(4,465)
Total revenues	- - -	4,465	- - -	(4,465)
EXPENDITURES -				
Community and economic development	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	4,465	- - -	(4,465)
OTHER FINANCING SOURCES (USES) -				
Transfers out	- - -	(4,465)	(4,465)	- - -
Total other financing sources (uses)	- - -	(4,465)	(4,465)	- - -
NET CHANGE IN FUND BALANCES	- - -	- - -	(4,465)	(4,465)
FUND BALANCE - BEGINNING	4,465	4,465	4,465	- - -
FUND BALANCE - ENDING	$4,465	$ 4,465	$ - - -	$(4,465)

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Charges for services	$ 2,800	$ 2,800	$ 3,390	$ 590
Interest	7,200	7,200	7,298	98
Total revenues	10,000	10,000	10,688	688
EXPENDITURES -				
Community and economic development	95,000	100,978	100,978	- - -
Total expenditures	95,000	100,978	100,978	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(85,000)	(90,978)	(90,290)	688
OTHER FINANCING SOURCES -				
Transfers in	85,000	90,978	97,403	6,425
Total other financing sources	85,000	90,978	97,403	6,425
NET CHANGE IN FUND BALANCES	- - -	- - -	7,113	7,113
FUND BALANCE - BEGINNING	145,427	145,427	145,427	- - -
FUND BALANCE - ENDING	$145,427	$145,427	$152,540	$7,113

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,600,000	$3,600,000	$2,192,106	$(1,407,894)
Interest	12,000	12,000	5,130	(6,870)
Miscellaneous	- - -	- - -	6,750	6,750
Total revenues	3,612,000	3,612,000	2,203,986	(1,408,014)
EXPENDITURES -				
Capital outlay:				
General government	2,662,000	1,012,000	407,085	604,915
Public safety	325,000	250,000	171,660	78,340
Public works	- - -	1,650,000	986,287	663,713
Culture and recreation	625,000	625,000	80,547	544,453
Community and economic development	- - -	75,000	8,447	66,553
Total expenditures	3,612,000	3,612,000	1,654,026	1,957,974
NET CHANGES IN FUND BALANCES	- - -	- - -	549,960	549,960
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 549,960	$ 549,960

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$340,000	$340,000	$300,235	$(39,765)
Interest	- - -	8,000	7,818	(182)
Total revenues	340,000	348,000	308,053	(39,947)
EXPENDITURES -				
Capital outlay:				
General government	75,000	82,800	57,829	24,971
Public works	150,000	150,200	150,196	4
Community and economic development	115,000	115,000	115,000	- - -
Total expenditures	340,000	348,000	323,025	24,975
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(14,972)	(14,972)
OTHER FINANCING SOURCES -				
Transfers in	- - -	- - -	39,764	39,764
Total other financing sources	- - -	- - -	39,764	39,764
NET CHANGES IN FUND BALANCES	- - -	- - -	24,792	24,792
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 24,792	$ 24,792

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 10	$ 41	$ 6	$ (35)
Total revenues	10	41	6	(35)
EXPENDITURES -				
Debt service:				
Principal	20,035	20,035	20,033	2
Interest	7,195	7,226	7,226	- - -
Total expenditures	27,230	27,261	27,259	2
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27,220)	(27,220)	(27,253)	(33)
OTHER FINANCING SOURCES -				
Transfers in	27,220	27,220	26,500	(720)
Total other financing sources	27,220	27,220	26,500	(720)
NET CHANGES IN FUND BALANCES	- - -	- - -	(753)	(753)
FUND BALANCE - BEGINNING	31,540	31,540	31,540	- - -
FUND BALANCE - ENDING	$ 31,540	$ 31,540	$ 30,787	$ (753)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2004 SPLOST
FOR THE YEAR ENDED JUNE 30, 2016

	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	35	57,829	77.11%
Street improvements and Purchase of equipment	150,000	150,196	- - -	150,196	100.13%
Economic Development improvements at Industrial Park	115,000	115,000	- - -	115,000	100.00%
Totals	$1,050,000	$1,035,518	$ 35	$1,035,553	

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, 2016

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
Fire and Police Department equipment	$ 250,000	$ 144,420	$ 24,919	$ 169,339	67.74%
New City Hall	1,000,000	101,337	158,361	259,698	25.97%
Upgrade of City property and equipment	1,500,000	1,009,351	42,282	1,051,633	70.11%
Opera House repairs	250,000	31,869	13,630	45,499	18.20%
Renovation of the old firehouse on Broad Street	75,000	2,900	- - -	2,900	3.87%
Capital projects matching grant funds	150,000	91,058	27,149	118,207	78.80%
Totals	$3,225,000	$1,380,935	$266,341	$1,647,276	

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.

Reconciliation of SPLOST schedule to Governmental Funds Expenditures:

Total expenditures per Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - 2010 SPLOST Capital Projects Fund	$273,091
Less - Rent income received on Blount building	6,750
Total Current Year Expenditures per Schedule of Projects - 2010 SPLOST	$266,341

CITY OF HAWKINSVILLE, GEORGIA
AWARD NO. 01gp-116-2-4008
ONEGEORGIA SCHEDULE OF SOURCE AND USE OF FUNDS
FOR THE PERIOD ENDED JUNE 30, 2016

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
Loan payments made during fiscal year ended June 30, 2015	27,740
Balance at June 30, 2015	130,604
Loan payments made during fiscal year ended June 30, 2016	29,407
Balance at June 30, 2016	$101,197

CITY OF HAWKINSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC FACILITIES PROGRAM
GRANT NUMBER 14p-x-116-2-5673
FOR THE PERIOD ENDED JUNE 30, 2016

Total Fiscal Year 2014 CDBG Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from DCA	$409,159
Less: CDBG Funds Expended by Recipient	409,159
Amount of Fiscal Year 2014 CDBG Funds held by Recipient	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC FACILITIES PROGRAM
GRANT NUMBER 14p-x-116-2-5673
FOR THE PERIOD ENDED JUNE 30, 2016

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)
Professional services Engineering	T-03J-00	$ 39,840	$ 39,840	$- - -	$ 39,840	NONE
Public Water Sewer	P-03J-01	43,300	41,688	- - -	41,688	NONE
Public Sanitary Sewer	P-03J-02	372,090	311,781	4,960	316,741	NONE
Contingencies	C-022-00	14,770	- - -	- - -	- - -	NONE
Administration	A-21A-00	30,000	18,750	- - -	18,750	NONE
		$500,000	$412,059	$4,960	$417,019	

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' 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

JOHN M. GIDDENS, III, C.P.A.
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INDEPENDENT AUDITORS' 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, 2016, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 7, 2017. 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.

Members American Institute of Certified Public Accountants ☐ Georgia Society of Certified Public Accountants

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
March 7, 2017

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.