CITY OF HAWKINSVILLE, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
AND
INDEPENDENT AUDITOR'S REPORT

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1

Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 4
Statement of Activities 5

Fund Financial Statements:
Governmental Funds:
Balance Sheet 6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 8
Statement of Revenues, Expenditures, and Changes in Fund Balances 9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 11
Proprietary Funds:
Statement of Net Position 12
Statement of Revenues, Expenses, and Changes in Fund Net Position 14
Statement of Cash Flows 16

Notes to the Basic Financial Statements 18

Required Supplementary Information:
Schedule of Changes in the Net Pension Liability - Georgia Municipal Employees Benefit System 52
Schedule of Contributions - Georgia Municipal Employees Benefit System 52
Notes to Schedule of Changes in the Net Pension Liability - Georgia Municipal Employees Benefit System 53
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 54
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - UDAG Grant 55
Notes to Required Supplementary Information 56

Supplementary Information:
Combining Financial Statements - Non-major Governmental Funds:
Combining Balance Sheet 57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 59
Other supplementary information:
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:
Special Revenue Funds:
2013 CHIP Grant 61
2014 CDBG Grant 62
2014 CHIP Grant 63
Hotel / Motel Tax 64
Cemetery Fund 65
Hawkinsville Development Authority 66
Capital Projects Funds:
General SPLOST 67
2010 SPLOST 68
2017 SPLOST 69
Debt Service Fund -
Workforce Development Center 70

TABLE OF CONTENTS

Page

Discretely Presented Component Unit -
Hawkinsville Downtown Development Authority 71
Schedules to Meet Regulatory Requirements:
Schedule of Projects - 2004 SPLOST 72
Schedule of Projects - 2010 SPLOST 73
Schedule of Projects - 2017 SPLOST 74
ONEGeorgia Schedule of Source and Use of Funds -
Award No. 01gp-116-2-4008 75
Community Development Block Grant Housing
Program Grant Number 14p-x-116-2-5673:
Source and Application of Funds Schedule 76
Project Cost Schedule 77

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* 78

Schedule of Findings and Responses 80

INDEPENDENT AUDITOR'S REPORT

D. M. Vickers & Assoc., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DON M. VICKERS, CPA (1931-1989)
LARRY E. GARRETT, CPA
DENNIS M. VICKERS, CPA
C. LEE WEST JR., CPA

139 BROAD STREET
P.O. BOX 239
HAWKINSVILLE, GEORGIA 31036
(478) 783-4091

Internet
www.dmvickers.com
Telecopier
(478) 783-2430

INDEPENDENT AUDITOR'S 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

Basis for Qualified Opinion on Business-Type Activities and Proprietary Fund Level 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 generally accepted accounting principles. The effect of this departure on the business-type activities and the fund level financial statements for the Water and Sewerage Fund, the Gas Fund, and the Training Facility Fund cannot be reasonably determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Business-Type Activities and Proprietary Fund Level Statements*, the financial statements referred to above present fairly, 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, 2017, and the respective changes in financial position and cash flows, where applicable, 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, the discretely presented component unit, each major governmental fund, the fund level statement for the Sanitation Fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, 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 pension information as 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 omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented 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, the schedules to meet regulatory requirements, 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, the schedules to meet regulatory requirements 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, the schedules to meet regulatory requirements, and other supplementary information are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, Georgia's internal control over financial reporting and compliance.



July 18, 2018

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS:				
Cash and cash equivalents	$ 619,559	$ 404,959	$ 1,024,518	$ 11,910
Receivables (net of allowance, where applicable):				
Accounts	- - -	432,029	432,029	- - -
Interest	5	- - -	5	3,474
Taxes	35,389	- - -	35,389	- - -
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes	- - -	- - -	- - -	129,662
Lease	3,000	- - -	3,000	- - -
Other	31,726	76,692	108,418	- - -
Intergovernmental	220,129	- - -	220,129	- - -
Inventory	3,128	51,070	54,198	- - -
Prepaid items	17,341	43,356	60,697	- - -
Deposits	- - -	50	50	- - -
Investments	1,487,947	802,591	2,290,538	- - -
Nondepreciable capital assets	872,330	489,399	1,361,729	- - -
Depreciable capital assets, net	4,719,482	6,856,059	11,575,541	- - -
Total assets	8,010,036	9,156,205	17,166,241	145,046
DEFERRED OUTFLOWS OF RESOURCES -				
Pensions	129,172	136,277	265,449	- - -
LIABILITIES:				
Accounts payable	189,768	304,206	493,974	411
Interest payable	2,728	743	3,471	- - -
Other payables	1,333	65,201	66,534	- - -
Accrued liabilities	23,236	28,473	51,709	- - -
Noncurrent liabilities:				
Due within one year:				
Compensated absences	23,844	60,645	84,489	- - -
Notes payable	21,825	35,052	56,877	- - -
Capital leases payable	13,725	- - -	13,725	- - -
Post-closure care costs	- - -	5,216	5,216	- - -
Due in more than one year:				
Notes payable	101,587	461,422	563,009	- - -
Capital leases payable	113,119	- - -	113,119	- - -
Post-closure care costs	- - -	76,941	76,941	- - -
Pensions	308,547	264,018	572,565	- - -
Total liabilities	799,712	1,301,917	2,101,629	411
DEFERRED INFLOWS OF RESOURCES -				
Pensions	63,410	53,254	116,664	- - -
NET POSITION:				
Net investment in capital assets	5,341,556	6,848,984	12,190,540	- - -
Restricted for:				
Debt service	28,072	- - -	28,072	- - -
Capital projects	402,632	- - -	402,632	- - -
Community and economic development	65	- - -	65	- - -
Cemetery:				
Expendable	106	- - -	106	- - -
Nonexpendable	5,000	- - -	5,000	- - -
Unrestricted	1,498,655	1,088,327	2,586,982	144,635
Total net position	$7,276,086	$7,937,311	$15,213,397	$144,635

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	COMPONENT UNIT HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
Primary Government								
Governmental activities:								
General government	$1,078,809	$ 83,548	$ - - -	$ 91,640	$ (903,621)	$ - - -	$ (903,621)	$ - - -
Public safety:								
Fire protection	160,945	- - -	- - -	4,756	(156,189)	- - -	(156,189)	- - -
Law enforcement	594,298	- - -	- - -	5,238	(589,060)	- - -	(589,060)	- - -
E-911	109,069	- - -	- - -	- - -	(109,069)	- - -	(109,069)	- - -
Animal control	54,078	- - -	- - -	- - -	(54,078)	- - -	(54,078)	- - -
Public works	608,337	- - -	63,254	157,760	(387,323)	- - -	(387,323)	- - -
Culture and recreation	98,995	- - -	- - -	33,684	(65,311)	- - -	(65,311)	- - -
Community and economic development	134,490	36,000	39,285	13,867	(45,338)	- - -	(45,338)	- - -
Interest on long-term debt	6,130	- - -	- - -	- - -	(6,130)	- - -	(6,130)	- - -
Total governmental activities	2,845,151	119,548	102,539	306,945	(2,316,119)	- - -	(2,316,119)	- - -
Business-type activities:								
Water and Sewerage	1,513,817	1,414,186	- - -	- - -	- - -	(99,631)	(99,631)	- - -
Gas	2,376,316	2,649,092	- - -	- - -	- - -	272,776	272,776	- - -
Training Facility	281,351	73,887	- - -	- - -	- - -	(207,464)	(207,464)	- - -
Sanitation	491,984	490,392	- - -	- - -	- - -	(1,592)	(1,592)	- - -
Total business-type activities	4,663,468	4,627,557	- - -	- - -	- - -	(35,911)	(35,911)	- - -
Total primary government	$7,508,619	$4,747,105	$102,539	$306,945	(2,316,119)	(35,911)	(2,352,030)	- - -
Component unit -								
Hawkinsville Downtown Development Authority	$ 91,743	$ - - -	$ 58,159	$ 1,500	- - -	- - -	- - -	(32,084)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					516,284	- - -	516,284	- - -
Sales taxes					463,334	- - -	463,334	- - -
Franchise taxes					288,411	- - -	288,411	- - -
Insurance premium taxes					357,134	- - -	357,134	- - -
Alcoholic beverage taxes					69,638	- - -	69,638	- - -
Hotel / motel taxes					45,677	- - -	45,677	- - -
Financial institutions taxes					13,017	- - -	13,017	- - -
Interest and investment earnings					3,922	3,087	7,009	6,941
Miscellaneous					92,305	124,309	216,614	13,895
Transfers					(243,940)	243,940	- - -	- - -
Total general revenues and transfers					1,605,782	371,336	1,977,118	20,836
Change in net position					(710,337)	335,425	(374,912)	(11,248)
Net position - beginning					7,986,423	7,601,886	15,588,309	155,883
Net position - ending					$ 7,276,086	$7,937,311	$15,213,397	$144,635

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
ASSETS:				
Cash on hand	$ 400	$ - - -	$ - - -	$ 400
Cash - financial institutions	25,352	205,383	388,424	619,159
Receivables (net of allowance, where applicable):				
Interest	- - -	- - -	5	5
Property taxes	35,389	- - -	- - -	35,389
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes	- - -	- - -	- - -	- - -
Capital lease	- - -	3,000	- - -	3,000
Other	21,226	- - -	10,500	31,726
Intergovernmental	135,754	- - -	84,375	220,129
Interfund balances	- - -	- - -	5,443	5,443
Inventory, at cost	3,128	- - -	- - -	3,128
Prepaid items	17,341	- - -	- - -	17,341
Investments	- - -	1,487,947	- - -	1,487,947
Total assets	$238,590	$1,696,330	$488,747	$2,423,667

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 97,952	$ 41,666	$ 50,150	$ 189,768
Other payables	1,333	- - -	- - -	1,333
Interfund balances	5,443	- - -	- - -	5,443
Accrued liabilities	23,236	- - -	- - -	23,236
Total liabilities	127,964	41,666	50,150	219,780
DEFERRED INFLOWS OF RESOURCES -				
Unavailable revenue - property tax	24,898	- - -	- - -	24,898
Total deferred inflows of resources	24,898	- - -	- - -	24,898
FUND BALANCES:				
Nonspendable:				
Prepaid items	17,341	- - -	- - -	17,341
Inventory	3,128	- - -	- - -	3,128
Cemetery fund principal	- - -	- - -	5,000	5,000
Restricted:				
Community and economic development	- - -	- - -	65	65
Capital projects	- - -	- - -	402,632	402,632
Debt service	- - -	- - -	30,794	30,794
Cemetery improvements	- - -	- - -	106	106
Assigned to -				
Community and economic development	- - -	1,654,664	- - -	1,654,664
Unassigned	65,259	- - -	- - -	65,259
Total fund balances	85,728	1,654,664	438,597	2,178,989
Total liabilities, deferred inflows of resources, and fund balances	$238,590	$1,696,330	$488,747	$2,423,667

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, 2017

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$2,178,989
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	$ 8,656,145	
Less: accumulated depreciation	(3,064,333)	5,591,812
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		24,898
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	$ 5,443	
Interfund payables	(5,443)	- - -
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	$ 129,172	
Deferred inflows	(63,410)	65,762
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	$ (23,844)	
Capital leases payable	(126,844)	
Notes payable	(123,412)	
Net Pension Liability	(308,547)	
Accrued interest payable	(2,728)	(585,375)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$7,276,086

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, 2017

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	$1,701,976	$ - - -	$ 45,677	$ 1,747,653
Licenses and permits	96,477	- - -	- - -	96,477
Intergovernmental	95,556	- - -	343,766	439,322
Fines and forfeitures	- - -	- - -	- - -	- - -
Interest	3,313	583	1,491	5,387
Miscellaneous	57,719	36,000	24,200	117,919
Total revenues	1,955,041	36,583	415,134	2,406,758
EXPENDITURES:				
Current:				
General government	787,332	- - -	28,548	815,880
Public safety:				
Fire protection	160,945	- - -	- - -	160,945
Law enforcement	594,298	- - -	- - -	594,298
E-911	109,069	- - -	- - -	109,069
Animal control	56,348	- - -	- - -	56,348
Emergency Management Agency	22,212	- - -	- - -	22,212
Public works	713,828	- - -	94,681	808,509
Culture and recreation	94,500	- - -	- - -	94,500
Community and economic development	58,652	164,076	40,953	263,681
Capital outlay:				
General government	- - -	- - -	94,269	94,269
Public works	- - -	- - -	296,461	296,461
Culture and recreation	- - -	- - -	20,688	20,688
Debt service:				
Principal	1,128	- - -	20,910	22,038
Interest	271	- - -	6,314	6,585
Total expenditures	2,598,583	164,076	602,824	3,365,483
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(643,542)	(127,493)	(187,690)	(958,725)

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, 2017

	GENERAL FUND	UDAG GRANT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	$ (643,542)	$ (127,493)	$(187,690)	$ (958,725)
OTHER FINANCING SOURCES (USES):				
Capital lease	127,972	- - -	- - -	127,972
Sale of capital assets	- - -	224,984	- - -	224,984
Sale of investments	- - -	(20,830)	- - -	(20,830)
Transfers in	1,795,731	37,727	34,017	1,867,475
Transfers out	(1,205,687)	(81,774)	(17,129)	(1,304,590)
Total other financing sources (uses)	718,016	160,107	16,888	895,011
NET CHANGE IN FUND BALANCES	74,474	32,614	(170,802)	(63,714)
FUND BALANCE - BEGINNING	11,254	1,622,050	609,399	2,242,703
FUND BALANCE - ENDING	$ 85,728	$1,654,664	$ 438,597	$ 2,178,989

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, 2017

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (63,714)
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	$ 559,768	
SPLOST assets transferred to Enterprise Funds	(806,825)	
Less: current year depreciation	(267,427)	(514,484)
In the Statement of Activities, only the gain on the disposal of capital assets is reported, whereas in the Governmental Funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed of and accumulated depreciation:		
Estimated realizable value	$ 39,049	
Less: cost of impaired capital assets	(39,049)	- - -
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds -		
Property taxes		(7,175)
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.		(2,586)
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	$ 32,137	
Pension expense	(49,036)	(16,899)
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:		
Issuance of capital leases	$(127,972)	
Notes principal payments	20,910	
Capital lease principal payments	1,128	
Interest paid	455	(105,479)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$(710,337)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	$ 140,037	$ 183,960	$ 28,284	$ 52,678	$ 404,959
Receivables:					
Accounts	177,298	210,813	- - -	43,918	432,029
Other	- - -	68,675	1,647	6,370	76,692
Inventory	51,070	- - -	- - -	- - -	51,070
Prepaid items	26,942	- - -	3,457	12,957	43,356
Total current assets	395,347	463,448	33,388	115,923	1,008,106
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Investments	- - -	802,591	- - -	- - -	802,591
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Construction in progress	56,700	50,022	- - -	- - -	106,722
Buildings	2,175,900	8,000	2,285,313	- - -	4,469,213
Improvements other than buildings	- - -	843,115	251,171	- - -	1,094,286
Machinery and equipment	23,336,288	489,326	284,974	333,033	24,443,621
Accumulated depreciation	(21,347,428)	(622,129)	(967,812)	(213,692)	(23,151,061)
Total long-term assets	4,264,778	1,570,975	2,181,521	130,825	8,148,099
Total assets	4,660,125	2,034,423	2,214,909	246,748	9,156,205
DEFERRED OUTFLOWS OF RESOURCES -					
Pensions	81,495	8,309	7,320	39,153	136,277

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 101,544	$ 157,347	$ 5,646	$ 39,669	$ 304,206
Interest payable	743	- - -	- - -	- - -	743
Customer deposits	39,633	25,568	- - -	- - -	65,201
Accrued expenses	15,432	4,271	3,645	5,125	28,473
Compensated absences	32,469	- - -	10,500	17,676	60,645
Notes payable	35,052	- - -	- - -	- - -	35,052
Post-closure care costs	- - -	- - -	- - -	5,216	5,216
Total current liabilities	224,873	187,186	19,791	67,686	499,536
Long-term liabilities:					
Notes payable	461,422	- - -	- - -	- - -	461,422
Post-closure care cost	- - -	- - -	- - -	76,941	76,941
Pensions	161,029	11,316	6,603	85,070	264,018
Total long-term liabilities	622,451	11,316	6,603	162,011	802,381
Total liabilities	847,324	198,502	26,394	229,697	1,301,917
DEFERRED INFLOWS OF RESOURCES -					
Pensions	32,491	2,590	982	17,191	53,254
NET POSITION:					
Net investment in capital assets	3,768,304	768,334	2,181,521	130,825	6,848,984
Unrestricted	93,501	1,073,306	13,332	(91,812)	1,088,327
Total net position	$3,861,805	$1,841,640	$2,194,853	$ 39,013	$7,937,311

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, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	$1,414,186	$2,649,092	$ - - -	$490,392	$4,553,670
Rents	- - -	- - -	73,887	- - -	73,887
Miscellaneous	11,658	52,882	19,550	- - -	84,090
Total operating revenues	1,425,844	2,701,974	93,437	490,392	4,711,647
OPERATING EXPENSES:					
Salaries	415,742	971	101,016	134,490	652,219
Parts and supplies	1,642	4,477	1,236	9,659	17,014
Purchases	- - -	1,808,025	- - -	- - -	1,808,025
Supervision and engineering	12,879	251,944	2,130	- - -	266,953
Equipment rentals	50,610	- - -	- - -	- - -	50,610
Collection fees	82	1,220	- - -	8	1,310
Taxes	32,547	26,957	7,725	10,691	77,920
Vehicle expense	19,317	6,405	6,745	37,820	70,287
Utilities	274,262	4,046	22,102	3,459	303,869
Repairs and maintenance	90,374	- - -	2,665	69,586	162,625
Depreciation	225,378	22,748	59,804	19,138	327,068
Office expense	100,679	1,287	39,466	5,116	146,548
Professional services	1,447	231,240	- - -	28,700	261,387
Insurance	202,783	3,467	34,058	65,149	305,457
Uniforms	3,089	- - -	216	496	3,801
Retirement	38,017	4,165	3,384	18,111	63,677
Advertising	1,788	3,528	204	702	6,222
Miscellaneous	17,712	859	600	117	19,288
Technical services	15,275	- - -	- - -	- - -	15,275
Landfill fees	- - -	- - -	- - -	88,742	88,742
Total operating expenses	1,503,623	2,371,339	281,351	491,984	4,648,297
OPERATING INCOME (LOSS)	(77,779)	330,635	(187,914)	(1,592)	63,350

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, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	$ (77,779)	$ 330,635	$ (187,914)	$ (1,592)	$ 63,350
NONOPERATING REVENUES (EXPENSES):					
Interest income	125	2,885	20	57	3,087
Interest charges	(10,194)	(2,704)	- - -	- - -	(12,898)
Gain (loss) on disposition of assets	- - -	(2,273)	- - -	- - -	(2,273)
Undistributed income from joint venture	- - -	40,219	- - -	- - -	40,219
Total nonoperating revenues (expenses)	(10,069)	38,127	20	57	28,135
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(87,848)	368,762	(187,894)	(1,535)	91,485
CAPITAL GRANTS AND CONTRIBUTIONS	766,803	40,022	- - -	- - -	806,825
TRANSFERS IN	368,806	625,060	130,776	122,689	1,247,331
TRANSFERS OUT	(566,068)	(1,105,625)	(9,816)	(128,707)	(1,810,216)
CHANGE IN NET POSITION	481,693	(71,781)	(66,934)	(7,553)	335,425
TOTAL NET POSITION - BEGINNING	3,380,112	1,913,421	2,261,787	46,566	7,601,886
TOTAL NET POSITION - ENDING	$3,861,805	$ 1,841,640	$2,194,853	$ 39,013	$ 7,937,311

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, 2017

	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	$1,351,148	$ 2,539,630	$ 73,887	$ 491,122	$ 4,455,787
Payments to suppliers	(796,923)	(2,322,229)	(120,376)	(323,697)	(3,563,225)
Payments to employees	(394,963)	(888)	(95,805)	(126,727)	(618,383)
Other receipts (payments)	1,858	43,518	19,176	(6,038)	58,514
Net cash provided (used) by operating activities	161,120	260,031	(123,118)	34,660	332,693
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	368,806	625,060	130,776	122,689	1,247,331
Transfers out	(566,068)	(1,105,625)	(9,816)	(128,707)	(1,810,216)
Payments on long-term debt - One Georgia	- - -	(101,197)	- - -	- - -	(101,197)
Interest paid on long-term debt	- - -	(2,704)	- - -	- - -	(2,704)
Net cash provided (used) by noncapital financing activities	(197,262)	(584,466)	120,960	(6,018)	(666,786)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	(102,845)	(56,584)	(7,750)	(14,466)	(181,645)
Principal paid on capital debt	(36,282)	- - -	- - -	- - -	(36,282)
Interest paid on capital debt	(10,313)	- - -	- - -	- - -	(10,313)
Net cash provided (used) by capital and related financing activities	(149,440)	(56,584)	(7,750)	(14,466)	(228,240)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends	125	2,885	20	57	3,087
Loan payments received from JONGL	- - -	101,197	- - -	- - -	101,197
Net cash provided (used) by investing activities	125	104,082	20	57	104,284

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, 2017

	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	$(185,457)	$(276,937)	$ (9,888)	$ 14,233	$(458,049)
CASH AND CASH EQUIVALENTS - BEGINNING	325,494	460,897	38,172	38,445	863,008
CASH AND CASH EQUIVALENTS - ENDING	$ 140,037	$ 183,960	$ 28,284	$ 52,678	$ 404,959
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (77,779)	$ 330,635	$(187,914)	$ (1,592)	$ 63,350
Adjustments to reconcile operating income to net cash provided (used) by operating activities -					
Depreciation expense	225,378	22,748	59,804	19,138	327,068
Change in assets and liabilities:					
Receivables, net	(74,121)	(105,512)	- - -	730	(178,903)
Other receivables	1,858	(9,364)	(374)	(6,038)	(13,918)
Inventories	(3,621)	- - -	- - -	- - -	(3,621)
Prepaid items	(18,916)	231	(2,383)	(11,369)	(32,437)
Deferred outflows of resources - pensions	(2,679)	(1,144)	(155)	(821)	(4,799)
Accounts and other payables	88,117	24,307	2,538	31,299	146,261
Deposits	(575)	(3,950)	- - -	- - -	(4,525)
Accrued expenses	- - -	853	- - -	(5,271)	(4,418)
Accrued salaries	3,188	822	366	482	4,858
Accrued compensated absences	7,493	(1,262)	3,889	2,158	12,278
Net pension liability	1,483	193	129	690	2,495
Deferred inflows of resources - pensions	11,294	1,474	982	5,254	19,004
Net cash provided (used) by operating activities	$ 161,120	$ 260,031	$(123,118)	$ 34,660	$ 332,693
NONCASH CAPITAL FINANCING ACTIVITIES -					
Contributions of capital assets	$ 766,803	$ 40,022	$ - - -	$ - - -	$ 806,825

The notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY: 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.

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

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

Hawkinsville Downtown Development Authority - Management has determined that the Hawkinsville Downtown Development Authority is considered to be a discretely presented component unit of the City. The Hawkinsville Downtown Development Authority (the Authority) is governed by seven directors appointed by the City of Hawkinsville's Board of Commissioners. The Authority's purpose is to revitalize and redevelop the central business district of the City of Hawkinsville, Georgia. Component unit financial statements are available from the City of Hawkinsville, 96 Broad Street, Hawkinsville, Georgia. Prior to July 1, 2016, the Authority had debt outstanding which was repaid with City resources which required the Authority to be presented as a blended component unit.

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. Effective August 1, 2016, the HDA was dissolved by the City Board of Commissioners.

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, 2016, are reported in the Gas Fund for the current year.

Income of $40,219 was reported in the Gas Fund for the year ended June 30, 2017. Total investment in the JONG recorded as an investment by the Gas Fund totaled $802,591 at June 30, 2017.

The City owns approximately 18.88% 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, 2017, 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 adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

Special Revenue Funds:

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

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

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, 2017, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund. The only financial items to note of this fund are two note receivables and the related allowances as discussed in Note 4.

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, 2017, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund. The only financial items to note of this fund are a note receivable and the related allowance as discussed in Note 5.

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.

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.

2014 CHIP Grant - This fund is used to account for and report revenue and expenditures of a Community Home Investment Program Grant for housing rehabilitation.

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

Hawkinsville Urban Redevelopment Agency - This fund is a blended component unit of the City and is used to account for and report revenues and expenditures related to improvement of substandard buildings within the City. During the year ended June 30, 2017, this fund had no financial activity; therefore, a budget was not prepared or adopted for this fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

2017 SPLOST - This fund is used to account for and report SPLOST revenues and expenditures to be used for improvements or purchase of City property and equipment, new City Hall, recreational facilities and improvements, economic development, City streets improvements, grant matching funds, public safety and public works equipment, and renovation of the Old Firehouse.

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: The City follows the practice of pooling cash of the General Fund and the Enterprise Funds. Each fund's portion of the pool is displayed on its respective balance sheet as cash and cash equivalents and includes non-pooled cash and investments separately held. Interest earned by the pooled cash is allocated to each of the funds based on its average monthly balance.

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: 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 October 1, and are due and payable by December 1. All unpaid taxes 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, 2017, are recorded as prepaid items.

O. DEPOSITS: Deposits at June 30, 2017, 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, 2017, accrued vacation leave of $23,844 has been recorded in the government-wide Statement of Net Position in the Governmental Activities and $60,645 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 a liability 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 three items related to the City's pension plan, which arise under the accrual basis of accounting, that qualify for reporting in this category and 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 pension plan items are discussed below.

In addition to liabilities, the statement of net position and the balance sheet for governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four 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. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Under the accrual basis of accounting, three items related to the City's 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, and the Sanitation Fund. These pension plan items are discussed below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement for plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Finally, any pension plan contributions made by the City before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

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

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.

X. 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, 2017.

Y. 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.

Z. TAX ABATEMENT AGREEMENTS: During the year ended June 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2017, the City did not have any such agreements, either entered into by the City or by other governments.

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, 2017, $537,812 of the City's bank balance of $1,069,459 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	$537,812
Total	$537,812

Discretely Presented Component Unit

The Hawkinsville Downtown Development Authority does not have a deposit policy for custodial credit risk. As of June 30, 2017, The Hawkinsville Downtown Development Authority's bank balance was 100% insured by the Federal Deposit Insurance Corporation.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund balances at June 30, 2017, 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	$5,443	$5,443
Total	$5,443	$5,443

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

Interfund transfers for the year ended June 30, 2017, 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	$ - - -	$63,874	$17,129	$553,618	$1,027,427	$9,816	$123,867	$1,795,731
Special Revenue Funds - UDAG Grant	37,727	- - -	- - -	- - -	- - -	- - -	- - -	37,727
Nonmajor Governmental Funds	27,344	1,633	- - -	5,040	- - -	- - -	- - -	34,017
Water and Sewerage Fund	332,836	- - -	- - -	- - -	33,224	- - -	2,746	368,806
Gas Fund	605,207	16,267	- - -	2,380	- - -	- - -	1,206	625,060
Training Facility Fund	81,321	- - -	- - -	4,551	44,016	- - -	888	130,776
Sanitation Fund	121,252	- - -	- - -	479	958	- - -	- - -	122,689
Total	$1,205,687	$81,774	$17,129	$566,068	$1,105,625	$9,816	$128,707	$3,114,806

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 $806,825 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, 2017, $485,000 has been advanced. Unadvanced funds on this note at June 30, 2017, 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. 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, 2017, $148,800 has been advanced. Unadvanced funds on this note at June 30, 2017, were $-0-. Due to the terms of this note, the City has recorded an allowance in the amount of $148,800.

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 in 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, 2017, $1,000,000 has been advanced to River Market. There were no unadvanced funds on this note at June 30, 2017. 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 - JOINTLY OWNED NATURAL GAS:

The City had a note receivable from the Jointly Owned Natural Gas (JONG). This note was to pay the One Georgia loan that the City obtained for JONG for the expansion of the pipeline. The note was due in 100 monthly installments of $7,125 including interest at 3% per annum. Payments began on October 7, 2004. This note was paid in full during March 2017.

7. NOTE RECEIVABLE - COTTON MILL LOFTS, LLC:

During the year ended June 30, 2012, the Hawkinsville Downtown Development Authority, a discretely presented component unit, 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, 2017, $160,000 has been advanced to Cotton Mill. There were no unadvanced funds on this note at June 30, 2017.

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.	$121,542

8. NOTE RECEIVABLE - FACADE:

During the year ended June 30, 2017, the Hawkinsville Downtown Development Authority, a discretely presented component unit, loaned monies to business owners in the City to pay for store facade improvements. As of June 30, 2017, $11,495 has been advanced to four individual business owners. There were no unadvanced funds on these notes at June 30, 2017. Each of these notes have a repayment term of 60 months with a required minimum monthly payment of $75 per month. These notes are zero interest bearing notes. As of June 30, 2017, the balance outstanding is $8,120.

9. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 755,666	$ 140,234	$ 38,920	$ - - -	$ 856,980
Buildings	186,080	- - -	186,080	- - -	- - -
Construction in progress	423,069	102,281	510,000	- - -	15,350
Total capital assets, not being depreciated	1,364,815	242,515	735,000	- - -	872,330
Capital assets, being depreciated:					
Buildings	3,889,526	- - -	- - -	- - -	3,889,526
Improvements other than buildings	1,064,353	7,893	- - -	- - -	1,072,246
Infrastructure	2,166,205	- - -	- - -	- - -	2,166,205
Machinery and equipment	459,052	1,042,660	39,049	(806,825)	655,838
Total capital assets, being depreciated	7,579,136	1,050,553	39,049	(806,825)	7,783,815
Less accumulated depreciation for:					
Buildings	1,281,925	89,666	- - -	- - -	1,371,591
Improvements other than buildings	486,423	39,988	- - -	- - -	526,411
Infrastructure	724,831	101,151	- - -	- - -	825,982
Machinery and equipment	342,776	36,622	39,049	- - -	340,349
Total accumulated depreciation	2,835,955	267,427	39,049	- - -	3,064,333
Total capital assets, being depreciated, net	4,743,181	783,126	- - -	(806,825)	4,719,482
Governmental activities capital assets, net	$6,107,996	$1,025,641	$735,000	$(806,825)	$5,591,812

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. The Spec Building was sold in August 2016 for a purchase price of $225,000 to Brickyard Solutions, LLC.

9. CAPITAL ASSETS: (continued)

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Business-type Activities:					
Capital assets, not being depreciated -					
Land	$ 382,677	$ - - -	$- - -	$ - - -	$ 382,677
Construction in progress	- - -	106,722	- - -	- - -	106,722
Total capital assets, not being depreciated	382,677	106,722	- - -	- - -	489,399
Capital assets, being depreciated:					
Buildings	4,469,213	- - -	- - -	- - -	4,469,213
Improvements other than buildings	1,039,952	54,334	- - -	- - -	1,094,286
Machinery and equipment	23,620,755	20,587	4,546	806,825	24,443,621
Total capital assets, being depreciated	29,129,920	74,921	4,546	806,825	30,007,120
Less accumulated depreciation for:					
Buildings	2,617,350	50,873	- - -	- - -	2,668,223
Improvements other than buildings	369,423	20,300	- - -	- - -	389,723
Machinery and equipment	19,839,493	255,895	2,273	- - -	20,093,115
Total accumulated depreciation	22,826,266	327,068	2,273	- - -	23,151,061
Total capital assets, being depreciated, net	6,303,654	(252,147)	2,273	806,825	6,856,059
Business-type activities capital assets, net	$ 6,686,331	$(145,425)	$2,273	$806,825	$ 7,345,458

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

Governmental activities:	
General government	$216,651
Public safety -	
Animal control	50,163
Public works	613
Total depreciation expense - governmental activities	$267,427
Business-type activities:	
Water and Sewerage	$225,378
Gas	22,748
Training Facility	59,804
Sanitation	19,138
Total depreciation expense - business-type activities	$327,068

10. 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	$ 32,137	$ 35,233	$20,939	$2,731	$1,821	$ 9,742
Differences between expected and actual experience	42,181	45,012	26,868	2,969	2,390	12,785
Net differences between projected and actual earnings on pension plan investments	54,854	56,032	33,688	2,609	3,109	16,626
Total deferred outflows	$129,172	$136,277	$81,495	$8,309	$7,320	$39,153
Deferred Inflows						
Pensions:						
Differences between expected and actual experience	$ 1,346	$ (1,346)	$ (654)	$ (371)	$ (377)	$ 56
Changes of assumptions	629	(629)	(306)	(174)	(176)	27
Net differences between projected and actual earnings on pension plan investments	61,435	55,229	33,451	3,135	1,535	17,108
Total deferred inflows	$ 63,410	$ 53,254	$32,491	$2,590	$ 982	$17,191

11. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 21,258	$ 2,586	$ - - -	$ 23,844	$ 23,844
Notes payable - Workforce Development Center	144,322	- - -	20,910	123,412	21,825
Capital leases payable	- - -	127,972	1,128	126,844	13,725
Pensions	306,272	310,748	308,473	308,547	- - -
Total governmental activities	$ 471,852	$441,306	$330,511	$582,647	$ 59,394
Business-type activities:					
Compensated absences	$ 48,367	$ 12,278	$ - - -	$ 60,645	$ 60,645
Notes payable	633,953	- - -	137,479	496,474	35,052
Post-closure care costs	87,428	- - -	5,271	82,157	5,216
Pensions	261,523	340,798	338,303	264,018	- - -
Total business-type activities	$1,031,271	$353,076	$481,053	$903,294	$100,913

11. 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 - 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, 2017, the City has fully funded the reserve which is maintained in a separate bank account in the amount of $29,744. The note payable at June 30, 2017, consisted of the following:

USDA - $510,000 note due in forty annual installments of $27,224 including interest at 4.375%.	$123,412
Less current portion	21,825
Total long-term portion	$101,587

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2017, are as follows:

Year ending June 30,	Principal	Interest	Total
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	25,902	1,322	27,224
2023	4,313	188	4,501
Total	$123,412	$17,209	$140,621

Capital lease payable - During the year ended June 30, 2017, the City entered into a capital lease with BancorpSouth Equipment Finance (BancorpSouth) for the purchase of a Caterpillar 308E2 mini excavator with a torrent mulching head.

BancorpSouth - $127,972, due in sixty annual installments of $1,399 and one balloon payment of $56,000, including interest at 2.54%.	$126,844
Less current portion	13,725
Total long-term portion	$113,119

This asset is recorded as machinery and equipment and totaled $127,972 at June 30, 2017. Depreciation expense for the year ended June 30, 2017 is $1,066. Total accumulated depreciation for the year ended June 30, 2017 is $1,066. 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.

11. LONG-TERM OBLIGATIONS: (continued)

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 2017:

Year ending June 30,	
2018	$ 16,788
2019	16,788
2020	16,788
2021	16,788
2022	71,387
Total minimum lease payments	138,539
Less amount representing interest	11,695
Present value of minimum lease payments	$126,844

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 payable - Enterprise fund notes payable at June 30, 2017, consisted of the following notes for water and wastewater system improvements and expansion:

Georgia Environmental Facilities Authority (GEFA) - $735,697 note due in 240 monthly installments of approximately $3,722, including interest at 2%.	$496,474
Less current portion	35,052
Total long-term portion	$461,422

The annual debt service requirements to maturity, including principal and interest, for the Enterprise Fund notes and leases payable as of June 30, 2017 are as follows:

Year ending June 30,	Principal	Interest	Total
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	37,969	6,692	44,661
2023-2027	201,653	21,653	223,306
2028-2030	112,343	3,019	115,362
Total	$496,474	$65,499	$561,973

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. This note was paid in full during March 2017.

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.

11. LONG-TERM OBLIGATIONS: (continued)

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 $82,157 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2017, 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 $5,271 were paid.

The post-closure care costs requirements as of June 30, 2017 are as follows:

Year ending June 30,	
2018	$ 5,216
2019	5,216
2020	5,216
2021	5,216
2022	5,216
2023-2027	26,080
2028-2032	26,080
2033	3,917
Total	$82,157

12. DEFICIT FUND EQUITY:

There were no deficit net position items or deficit fund balances in any individual fund for the fiscal year ended June 30, 2017.

13. 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, 2017.

14. RESTRICTED NET POSITION:

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

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted for:			
Debt Service	$ 28,072	$- - -	$ 28,072
Capital projects	402,632	- - -	402,632
Community and economic development	- - -	65	65
Cemetery:			
Expendable	- - -	106	106
Nonexpendable	- - -	5,000	5,000
Total restricted net position Governmental Activities	$430,704	$5,171	$435,875

15. 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 four commercial customers amounted to $140,958. Also, these four commercial customers accounted for approximately 35.90% of the total charges for services in these funds.

16. 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 continued for six years or until $1.3 million was collected as the City's portion, whichever came 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 administered all funds collected for the jointly owned recreation department per an intergovernmental agreement. Final proceeds on the 2004 SPLOST were received in December 2010. Final expenditures related to the 2004 SPLOST were expended in February 2017.

17. 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 continued for six years or until $3.6 million is collected as the City's portion, whichever came first. Pulaski County, Georgia administers all funds collected for the jointly owned recreation department per an intergovernmental agreement.

18. 2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX:

The residents of the City approved a One Percent Special Purpose Local Option Sales Tax (SPLOST) on March 21, 2017, for funds to improve or purchase City property and equipment, new City Hall, recreational facilities and improvements, economic development, City streets improvements, grant matching funds, public safety and public works equipment, and renovation of the Old Firehouse. Collections on the SPLOST began April 1, 2017, and will continue for six years or until $3 million is collected as the City's portion, whichever comes first.

19. RETIREMENT PLANS:

A. <u>DEFERRED COMPENSATION PLAN</u>:

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.

19. RETIREMENT PLANS: (continued)

B. DEFINED BENEFIT 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. Effective June 6, 2016, the Plan was amended to provide for elected officials to receive in-service normal retirement benefits. Early retirement benefits are suspended after re-employment. 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.

19. RETIREMENT PLANS: (continued)

Plan Membership - As of January 1, 2017, 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		43
Vested terminated employees not yet receiving benefits		14
Active employees:		
Vested	14	
Nonvested	22	36
Total membership in the plan		93

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, 2017, was $78,722 which was 10.08% of the covered payroll. The amount of the current year covered payroll is $888,341.

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 $78,722. 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.

19. RETIREMENT PLANS: (continued)

Actuarial assumptions - The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2017. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age method
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

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, 2017, 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
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.

19. RETIREMENT PLANS: (continued)

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	$911,051	$572,565	$282,342

Changes in the Net Pension Liability - The measurement date of the net pension liability was September 30, 2016. The date of the actuarial valuation on which the total pension liability is based was January 1, 2017.

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)
Balances at September 30, 2015	$3,405,773	$2,837,978	$ 567,795
Changes for the year:			
Service cost	41,315	- - -	41,315
Interest	254,288	- - -	254,288
Differences between expected and actual experience	97,536	- - -	97,536
Contributions - employer	- - -	88,212	(88,212)
Net investment income	- - -	309,285	(309,285)
Benefit payments, including refunds of employee contributions	(249,279)	(249,279)	- - -
Administrative expense	- - -	(9,128)	9,128
Net changes	143,860	139,090	4,770
Balances at September 30, 2016	$3,549,633	$2,977,068	$ 572,565

Changes of assumptions:

There were no changes in methods or assumptions since the last valuation.

Benefit changes - Effective June 6, 2016, the Plan was amended to provide for elected officials to receive in-service normal retirement benefits. Early retirement benefits are suspended after re-employment.

19. RETIREMENT PLANS: (continued)

Pension expense -

Service cost	$ 41,315
Interest on TPL	254,288
Administrative expenses	9,128
Expected return on assets	(213,348)
Expensed portion of current year period differences between expected and actual experience in TPL	32,512
Expensed portion of current year period differences between projected and actual investment earnings	(19,189)
Current year recognition of deferred inflows and outflows established in prior years	18,720
Total pension expense	$ 123,426

Deferred outflows/inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 87,193	$ - - -
Changes of assumptions	- - -	- - -
Net difference between projected and actual earnings on pension plan investments	110,886	(116,664)
City contributions subsequent to the measurement date	67,370	- - -
Total deferred outflows/inflows of resources related to pensions	$265,449	$(116,664)

The $67,370 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, 2018. 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
2018	$ 91,643	$ (39,145)
2019	69,474	(39,145)
2020	36,962	(19,187)
2021	- - -	(19,187)
Total projected recognition of deferred outflows/inflows	$198,079	$(116,664)

20. 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.

21. 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 2017 totaled $36,000.

The City leases the Blount building to Agri-AFC. The monthly lease payment on this lease is $2,200 per month. Total amount of lease income for the fiscal year 2017 totaled $26,400.

The City leases the Opera House to the Hawkinsville-Pulaski County Arts Council. The monthly lease payment on this lease is $500 per month. Total amount of lease income for fiscal year 2017 totaled $6,000.

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, 2017, rent expenditures for the City totaled $1,680.

During September 2016, the City entered into a lease with Pitney Bowes for a mailing system requiring 48 monthly payments in the amount of $87. For the year ended June 30, 2017, rent expenditures for the City totaled $522.

During April 2017, the City entered into an annual lease with D3 Management, LLC to provide office space for Economic Development employee and the Hawkinsville - Pulaski County Chamber of Commerce requiring monthly payments in the amount of $750. For the year ended June 30, 2017, rent expenditures for the City totaled $2,250.

The following is a schedule of annual lease requirements as of June 30, 2017:

Year ending June 30	Amount
2018	$ 9,473
2019	1,743
2020	1,043
2021	522
	$12,781

C. CITY AND HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY AS LESSORS:

The City and the Hawkinsville Downtown Development Authority (a discrete component unit of the City) signed an operating lease agreement with Rhonda Wells for the Hawkinsville Farmers Market. The monthly lease payment on this lease is $600 per month. Effective December 1, 2018, the monthly lease payment will increase to $750 per month. The amount of lease income for fiscal year 2017 totaled $2,400 and is recorded as rent revenue in Hawkinsville Downtown Development Authority.

22. 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, 2017 is as follows:

	Amount	Percentage of Tax Receipts
Receipts:		
Lodging tax receipts	$45,677	
Expenditures:		
Hawkinsville Pulaski Chamber of Commerce, Inc.	$28,548	62.50%
General Fund	17,129	37.50%
Total expenditures	$45,677	

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.

23. 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, 2017. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

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. 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.

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.

23. COMMITMENTS AND CONTINGENCIES: (continued)

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 7. The City has budgeted $24,000 for the 2017-2018 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.

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.

23. COMMITMENTS AND CONTINGENCIES: (continued)

During May 2014, the City entered into an agreement with Pulaski County, Georgia (County) for the provision of the services of the Hawkinsville Planning and Zoning Commission to review planning and zoning issues arising outside of the City of Hawkinsville, but within Pulaski County. The agreement began May 5, 2014 and terminated 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 18.88% at June 30, 2017. As of September 30, 2016, the outstanding balance of the debt was $894,668 per JONG's audit report.

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 offered a $1,000,000 grant towards the dehumidification equipment needed for the expansion. The H&V expansion will require an extension of the natural gas line and an extension to the sewer lines that service the H&V plant. In March 2017, the City entered into an agreement with Sapp Engineering and Services, LLC for the provision of engineering services for the design, permitting, and project management of the H&V natural gas expansion for an amount equal to 9% of the project cost which is approximately $27,930. In May 2017, the City entered into an agreement with C&H Pipeline, Inc. for the installation of approximately 4,000 feet of 4 inch HP Steel Gas main to service the new H&V expansion for $305,251. The sewer line project began subsequent to year end.

During the year ended June 30, 2017, the City entered into a gas purchases contract with the Municipal Gas Authority of Georgia (MGAG) to obtain and supply the City's gas requirements for resale to its citizens, inhabitants, and customers through its gas distribution system. The MGAG provided a Member Return to the City in the amount of $52,882 for the year ended June 30, 2017.

24. SUBSEQUENT EVENTS:

Subsequent to year end, the City entered into an agreement with Coggins Construction Company, LLC for the installation of a duplex grinder pump station for $92,754. This agreement is related to the H&V expansion sewer line project as discussed in Note 23.

Subsequent to year end, the City entered into a multi year purchase agreement with the Georgia Municipal Association (GMA), a Georgia nonprofit corporation, to provide financing of for the Natural Gas Line Extension Project for H&V as discussed in Note 23. The City through an installment sale with the GMA, on September 27, 2017 borrowed the funds necessary to allow the City to complete the Natural Gas Line Extension Project. GMA, pursuant to an Assignment and Transfer agreement dated September 27, 2017 between GMA and Branch Banking and Trust Company, sold its interest in and service of the Installment Sale Agreement. The Installment Sale Agreement in the amount of $316,228 requires the City to make eleven annual payments of principal and interest in the amount of $33,318.

Subsequent to year end, the City received approval from Georgia Environmental Finance Authority (GEFA) for a Clean Water State Revolving Fund loan in the amount of $2,500,000. In conjunction with this loan, GEFA awarded the City project principal forgiveness in the amount of $500,000, if all loan funds are drawn. This loan is to remedy the EPA violation discussed in Note 23.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 41,315	$ 49,560	$ 51,430	$ 46,003
Interest	254,288	243,829	240,806	233,260
Differences between expected and actual experience	97,536	66,508	(41,825)	(8,382)
Changes of assumptions	- - -	- - -	(19,534)	- - -
Benefit payments, including refunds of employee contributions	(249,279)	(200,608)	(183,134)	(163,886)
Net change in total pension liability	143,860	159,289	47,743	106,995
Total pension liability - beginning	3,405,773	3,246,484	3,198,741	3,091,746
Total pension liability - ending	$3,549,633	$3,405,773	$3,246,484	$3,198,741
Plan fiduciary net position				
Contributions - employer	$ 88,212	$ 100,594	$ 117,623	$ 118,378
Net investment income	309,285	36,574	304,694	389,345
Benefit payments, including refunds of employee contributions	(249,279)	(200,608)	(183,134)	(163,886)
Administrative expense	(9,128)	(10,325)	(8,202)	(15,316)
Net change in fiduciary net position	139,090	(73,765)	230,981	328,521
Plan fiduciary net position - beginning	2,837,978	2,911,743	2,680,762	2,352,241
Plan fiduciary net position - ending	$2,977,068	$2,837,978	$2,911,743	$2,680,762
Net pension liability - ending	$ 572,565	$ 567,795	$ 334,741	$ 517,979
Plan's fiduciary net position as a percentage of the total pension liability	83.87%	83.33%	89.69%	83.81%
Covered employee payroll	$ 888,341	$ 760,130	$ 867,622	$ 854,946
Net pension liability as a percentage of covered employee payroll	64.45%	74.70%	38.58%	60.59%

SCHEDULE OF CONTRIBUTIONS -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

	2017	2016	2015	2014
Actuarially determined contribution	$ 89,826	$ 87,674	$ 104,901	$ 109,677
Contributions in relation to the actuarially determined contribution	89,826	87,674	104,901	109,677
Contribution deficiency (excess)	$ - - -	$ - - -	$ - - -	$ - - -
Covered employee payroll	$ 888,341	$ 760,130	$ 867,622	$ 854,946
Contributions as a percentage of covered employee payroll	10.11%	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, 2017

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 11 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 adjusted, 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 19 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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	$1,606,409	$1,716,877	$ 1,701,976	$ (14,901)
Licenses and permits	85,500	85,500	96,477	10,977
Intergovernmental	97,412	97,412	95,556	(1,856)
Fines and forfeitures	2,000	2,000	- - -	(2,000)
Interest	3,525	3,525	3,313	(212)
Miscellaneous	11,600	11,600	57,719	46,119
Total revenues	1,806,446	1,916,914	1,955,041	38,127
EXPENDITURES:				
General government	731,231	798,737	787,332	11,405
Public safety:				
Fire protection	159,390	161,295	160,945	350
Law enforcement	594,300	594,300	594,298	2
E-911	112,000	112,000	109,069	2,931
Animal control	70,609	70,609	56,348	14,261
Emergency Management Agency	22,860	22,860	22,212	648
Public works	595,565	723,537	713,828	9,709
Culture and recreation:				
Recreation board	75,000	75,000	75,000	- - -
Library Board	19,500	19,500	19,500	- - -
Community and economic development	20,000	59,658	58,652	1,006
Debt service:				
Principal	- - -	1,128	1,128	- - -
Interest	- - -	271	271	- - -
Total expenditures	2,400,455	2,638,895	2,598,583	40,312
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(594,009)	(721,981)	(643,542)	78,439
OTHER FINANCING SOURCES (USES):				
Capital leases	- - -	127,972	127,972	- - -
Transfers in	594,009	594,009	1,795,731	1,201,722
Transfers out	- - -	- - -	(1,205,687)	(1,205,687)
Total other financing sources (uses)	594,009	721,981	718,016	(3,965)
NET CHANGE IN FUND BALANCES	- - -	- - -	74,474	74,474
FUND BALANCE - BEGINNING	11,254	11,254	11,254	- - -
FUND BALANCE - ENDING	$ 11,254	$ 11,254	$ 85,728	$ 74,474

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ 100	$ 100	$ 583	$ 483
Miscellaneous	56,000	56,000	36,000	(20,000)
Total revenues	56,100	56,100	36,583	(19,517)
EXPENDITURES -				
Community and economic development	40,950	171,322	164,076	7,246
Total expenditures	40,950	171,322	164,076	7,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,150	(115,222)	(127,493)	(12,271)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	- - -	130,372	224,984	94,612
Sale of investments	- - -	- - -	(20,830)	(20,830)
Transfers in	24,000	24,000	37,727	13,727
Transfers out	(39,150)	(39,150)	(81,774)	(42,624)
Total other financing sources (uses)	(15,150)	115,222	160,107	44,885
NET CHANGE IN FUND BALANCES	- - -	- - -	32,614	32,614
FUND BALANCE - BEGINNING	1,622,050	1,622,050	1,622,050	- - -
FUND BALANCE - ENDING	$1,622,050	$1,622,050	$1,654,664	$ 32,614

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, 2017.

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE FUNDS						
	MILL PROJECT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT	2014 CDBG GRANT	2014 CHIP GRANT	HOTEL / MOTEL TAX	CEMETERY FUND
ASSETS							
Cash - financial institutions	$- - -	$- - -	$- - -	$- - -	$ 65	$- - -	$5,101
Receivables:							
Interest	- - -	- - -	- - -	- - -	- - -	- - -	5
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Other	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Intergovernmental	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Interfund balances	- - -	- - -	- - -	- - -	- - -	5,443	- - -
Total assets	$- - -	$- - -	$- - -	$- - -	$ 65	$5,443	$5,106
LIABILITIES AND FUND BALANCES							
LIABILITIES -							
Accounts payable	$- - -	$- - -	$- - -	$- - -	$- - -	$5,443	$- - -
Total liabilities	- - -	- - -	- - -	- - -	- - -	5,443	- - -
FUND BALANCE:							
Nonspendable -							
Cemetery fund principal	- - -	- - -	- - -	- - -	- - -	- - -	5,000
Restricted for:							
Community and economic development	- - -	- - -	- - -	- - -	65	- - -	- - -
Capital projects	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Debt service	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Cemetery improvements	- - -	- - -	- - -	- - -	- - -	- - -	106
Total fund balances	- - -	- - -	- - -	- - -	65	- - -	5,106
Total liabilities and fund balances	$- - -	$- - -	$- - -	$- - -	$ 65	$5,443	$5,106

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	TOTAL
	HAWKINSVILLE DEVELOPMENT AUTHORITY	GENERAL SPLOST	2010 SPLOST	2017 SPLOST	WORKFORCE DEVELOPMENT CENTER	NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash - financial institutions	$- - -	$- - -	$341,754	$ 10,710	$30,794	$388,424
Receivables:						
Interest	- - -	- - -	- - -	- - -	- - -	5
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -
Other	- - -	- - -	- - -	10,500	- - -	10,500
Intergovernmental	- - -	- - -	233	84,142	- - -	84,375
Interfund balances	- - -	- - -	- - -	- - -	- - -	5,443
Total assets	$- - -	$- - -	$341,987	$105,352	$30,794	$488,747
LIABILITIES AND FUND BALANCES						
LIABILITIES -						
Accounts payable	$- - -	$- - -	$ 43,627	$ 1,080	$ - - -	$ 50,150
Total liabilities	- - -	- - -	43,627	1,080	- - -	50,150
FUND BALANCE:						
Nonspendable -						
Cemetery fund principal	- - -	- - -	- - -	- - -	- - -	5,000
Restricted for:						
Community and economic development	- - -	- - -	- - -	- - -	- - -	65
Capital projects	- - -	- - -	298,360	104,272	- - -	402,632
Debt service	- - -	- - -	- - -	- - -	30,794	30,794
Cemetery improvements	- - -	- - -	- - -	- - -	- - -	106
Total fund balances	- - -	- - -	298,360	104,272	30,794	438,597
Total liabilities and fund balances	$- - -	$- - -	$341,987	$105,352	$30,794	$488,747

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE FUNDS						
	MILL PROJECT	HOPE IV MAIN STREET GRANT	2013 CHIP GRANT	2014 CDBG GRANT	2014 CHIP GRANT	HOTEL / MOTEL TAX	CEMETERY FUND
REVENUES:							
Taxes	$- - -	$- - -	$- - -	$ - - -	$ - - -	$ 45,677	$- - -
Intergovernmental	- - -	- - -	- - -	90,841	39,285	- - -	- - -
Interest	- - -	- - -	- - -	- - -	- - -	- - -	26
Miscellaneous	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Total revenues	- - -	- - -	- - -	90,841	39,285	45,677	26
EXPENDITURES:							
Current:							
General government	- - -	- - -	- - -	- - -	- - -	28,548	- - -
Public works	- - -	- - -	- - -	94,681	- - -	- - -	- - -
Community and economic development	- - -	- - -	- - -	- - -	39,320	- - -	- - -
Capital outlay:							
General government	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Public works	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Culture and recreation	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Debt service:							
Principal	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Interest	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	94,681	39,320	28,548	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	- - -	(3,840)	(35)	17,129	26
OTHER FINANCING SOURCES (USES):							
Transfers in	- - -	- - -	20	5,040	100	- - -	- - -
Transfers out	- - -	- - -	- - -	- - -	- - -	(17,129)	- - -
Total other financing sources (uses)	- - -	- - -	20	5,040	100	(17,129)	- - -
NET CHANGE IN FUND BALANCES	- - -	- - -	20	1,200	65	- - -	26
FUND BALANCE - BEGINNING	- - -	- - -	(20)	(1,200)	- - -	- - -	5,080
FUND BALANCE - ENDING	$- - -	$- - -	$- - -	$ - - -	$ 65	$ - - -	$5,106

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	TOTAL
	HAWKINSVILLE DEVELOPMENT AUTHORITY	GENERAL SPLOST	2010 SPLOST	2017 SPLOST	WORKFORCE DEVELOPMENT CENTER	NONMAJOR GOVERNMENTAL FUNDS
REVENUES:						
Taxes	$ - - -	$ - - -	$ - - -	$ - - -	$ - - -	$ 45,677
Intergovernmental	- - -	- - -	97,775	115,865	- - -	343,766
Interest	- - -	3	1,453	2	7	1,491
Miscellaneous	- - -	- - -	24,200	- - -	- - -	24,200
Total revenues	- - -	3	123,428	115,867	7	415,134
EXPENDITURES:						
Current:						
General government	- - -	- - -	- - -	- - -	- - -	28,548
Public works	- - -	- - -	- - -	- - -	- - -	94,681
Community and economic development	1,633	- - -	- - -	- - -	- - -	40,953
Capital outlay:						
General government	- - -	24,795	69,459	15	- - -	94,269
Public works	- - -	- - -	284,881	11,580	- - -	296,461
Culture and recreation	- - -	- - -	20,688	- - -	- - -	20,688
Debt service:						
Principal	- - -	- - -	- - -	- - -	20,910	20,910
Interest	- - -	- - -	- - -	- - -	6,314	6,314
Total expenditures	1,633	24,795	375,028	11,595	27,224	602,824
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,633)	(24,792)	(251,600)	104,272	(27,217)	(187,690)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,633	- - -	- - -	- - -	27,224	34,017
Transfers out	- - -	- - -	- - -	- - -	- - -	(17,129)
Total other financing sources (uses)	1,633	- - -	- - -	- - -	27,224	16,888
NET CHANGE IN FUND BALANCES	- - -	(24,792)	(251,600)	104,272	7	(170,802)
FUND BALANCE - BEGINNING	- - -	24,792	549,960	- - -	30,787	609,399
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 298,360	$104,272	$ 30,794	$ 438,597

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$6,000	$6,000	$- - -	$(6,000)
Total revenues	6,000	6,000	- - -	(6,000)
EXPENDITURES -				
Community and economic development	6,000	6,000	- - -	6,000
Total expenditures	6,000	6,000	- - -	6,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	- - -	- - -
OTHER FINANCING SOURCES (USES) -				
Transfers in	- - -	- - -	20	20
Total other financing sources (uses)	- - -	- - -	20	20
NET CHANGE IN FUND BALANCES	- - -	- - -	20	20
FUND BALANCE - BEGINNING	(20)	(20)	(20)	- - -
FUND BALANCE - ENDING	$ (20)	$ (20)	$- - -	$ 20

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$90,841	$94,681	$90,841	$(3,840)
Total revenues	90,841	94,681	90,841	(3,840)
EXPENDITURES -				
Public works	90,841	94,681	94,681	- - -
Total expenditures	90,841	94,681	94,681	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(3,840)	(3,840)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,240	6,240	5,040	(1,200)
Transfers out	(6,240)	(6,240)	- - -	6,240
Total other financing sources (uses)	- - -	- - -	5,040	5,040
NET CHANGE IN FUND BALANCES	- - -	- - -	1,200	1,200
FUND BALANCE - BEGINNING	(1,200)	(1,200)	(1,200)	- - -
FUND BALANCE - ENDING	$(1,200)	$(1,200)	$ - - -	$ 1,200

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - 2014 CHIP
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$306,000	$306,000	$39,285	$(266,715)
Total revenues	306,000	306,000	39,285	(266,715)
EXPENDITURES -				
Community and economic development	306,200	306,200	39,320	266,880
Total expenditures	306,200	306,200	39,320	266,880
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(200)	(200)	(35)	165
OTHER FINANCING SOURCES (USES) -				
Transfers in	200	200	100	(100)
Total other financing sources (uses)	200	200	100	(100)
NET CHANGE IN FUND BALANCES	- - -	- - -	65	65
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$ 65

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Taxes	$ 40,400	$ 45,677	$ 45,677	$- - -
Total revenues	40,400	45,677	45,677	- - -
EXPENDITURES -				
General government	25,400	28,548	28,548	- - -
Total expenditures	25,400	28,548	28,548	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,000	17,129	17,129	- - -
OTHER FINANCING SOURCES (USES) -				
Transfers out	(15,000)	(17,129)	(17,129)	- - -
Total other financing sources (uses)	(15,000)	(17,129)	(17,129)	- - -
NET CHANGE IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$- - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 25	$ 25	$ 26	$ 1
Total revenues	25	25	26	1
EXPENDITURES -				
Public works	25	25	- - -	25
Total expenditures	25	25	- - -	25
NET CHANGE IN FUND BALANCES	- - -	- - -	26	26
FUND BALANCE - BEGINNING	5,080	5,080	5,080	- - -
FUND BALANCE - ENDING	$5,080	$5,080	$5,106	$ 26

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES -				
Community and economic development	$ 8,500	$ 8,500	$ 1,633	$ 6,867
Total expenditures	8,500	8,500	1,633	6,867
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,500)	(8,500)	(1,633)	6,867
OTHER FINANCING SOURCES (USES) -				
Transfers in	8,500	8,500	1,633	(6,867)
Total other financing sources (uses)	8,500	8,500	1,633	(6,867)
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 - CAPITAL PROJECTS FUND - GENERAL SPLOST
FOR THE PERIOD ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$340,000	$340,000	$300,235	$(39,765)
Interest	- - -	8,000	7,821	(179)
Total revenues	340,000	348,000	308,056	(39,944)
EXPENDITURES -				
Capital outlay:				
General government	75,000	82,800	82,624	176
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	347,820	180
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(39,764)	(39,764)
OTHER FINANCING SOURCES -				
Transfers in	- - -	- - -	39,764	39,764
Total other financing sources	- - -	- - -	39,764	39,764
NET CHANGES IN FUND BALANCES	- - -	- - -	- - -	- - -
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ - - -	$ - - -

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - 2010 SPLOST
FOR THE PERIOD ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,600,000	$3,600,000	$2,289,881	$(1,310,119)
Interest	12,000	12,000	6,583	(5,417)
Miscellaneous	- - -	- - -	30,950	30,950
Total revenues	3,612,000	3,612,000	2,327,414	(1,284,586)
EXPENDITURES -				
Capital outlay:				
General government	2,662,000	1,012,000	476,544	535,456
Public safety	325,000	250,000	171,660	78,340
Public works	- - -	1,650,000	1,271,168	378,832
Culture and recreation	625,000	625,000	101,235	523,765
Community and economic development	- - -	75,000	8,447	66,553
Total expenditures	3,612,000	3,612,000	2,029,054	1,582,946
NET CHANGES IN FUND BALANCES	- - -	- - -	298,360	298,360
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 298,360	$ 298,360

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - 2017 SPLOST
FOR THE PERIOD ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,000,000	$3,000,000	$115,865	$(2,884,135)
Interest	1,000	1,000	2	(998)
Total revenues	3,001,000	3,001,000	115,867	(2,885,133)
EXPENDITURES -				
Capital outlay:				
General government	1,550,000	1,550,000	15	1,549,985
Public safety	100,000	100,000	- - -	100,000
Public works	401,000	401,000	11,580	389,420
Culture and recreation	650,000	650,000	- - -	650,000
Community and economic development	300,000	300,000	- - -	300,000
Total expenditures	3,001,000	3,001,000	11,595	2,989,405
NET CHANGES IN FUND BALANCES	- - -	- - -	104,272	104,272
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$104,272	$ 104,272

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 10	$ 10	$ 7	$ (3)
Total revenues	10	10	7	(3)
EXPENDITURES -				
Debt service:				
Principal	20,910	20,910	20,910	- - -
Interest	6,315	6,315	6,314	1
Total expenditures	27,225	27,225	27,224	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27,215)	(27,215)	(27,217)	(2)
OTHER FINANCING SOURCES -				
Transfers in	27,215	27,215	27,224	9
Total other financing sources	27,215	27,215	27,224	9
NET CHANGES IN FUND BALANCES	- - -	- - -	7	7
FUND BALANCE - BEGINNING	30,787	30,787	30,787	- - -
FUND BALANCE - ENDING	$ 30,787	$ 30,787	$ 30,794	$ 7

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DISCRETELY PRESENTED COMPONENT UNIT - HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ - - -	$ 6,941	$ 6,941	$ - - -
Miscellaneous	34,000	84,802	73,554	(11,248)
Total revenues	34,000	91,743	80,495	(11,248)
EXPENDITURES -				
Community and economic development	34,000	91,743	91,743	- - -
Total expenditures	34,000	91,743	91,743	- - -
NET CHANGE IN FUND BALANCES	- - -	- - -	(11,248)	(11,248)
FUND BALANCE - BEGINNING	155,883	155,883	155,883	- - -
FUND BALANCE - ENDING	$155,883	$155,883	$144,635	$(11,248)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2004 SPLOST
FOR THE YEAR ENDED JUNE 30, 2017

	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	57,829	24,795	82,624	110.17%
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	$1,035,553	$24,795	$1,060,348	

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, 2017

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
Fire and Police Department equipment	$ 250,000	$ 169,339	$ - - -	$ 169,339	67.74%
New City Hall	1,000,000	259,698	(14,574)	245,124	24.51%
Upgrade of City property and equipment	1,500,000	1,051,633	328,216	1,379,849	91.99%
Opera House repairs	250,000	45,499	20,688	66,187	26.48%
Renovation of the old firehouse on Broad Street	75,000	2,900	- - -	2,900	3.87%
Capital projects matching grant funds	150,000	118,207	16,498	134,705	89.80%
Totals	$3,225,000	$1,647,276	$350,828	$1,998,104	

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	$375,028
Less - Rent income received on Blount building	24,200
Total Current Year Expenditures per Schedule of Projects - 2010 SPLOST	$350,828

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2017 SPLOST
FOR THE YEAR ENDED JUNE 30, 2017

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
City improvements	$1,050,000	$- - -	$ - - -	$ - - -	0.00%
New City Hall	500,000	- - -	15	15	0.00%
Economic development	300,000	- - -	- - -	- - -	
Recreation Department	300,000	- - -	- - -	- - -	0.00%
Roads and streets	250,000	- - -	10,500	10,500	4.20%
City recreation facilities	200,000	- - -	- - -	- - -	0.00%
Track improvements	150,000	- - -	- - -	- - -	0.00%
Capital projects matching grant funds	150,000	- - -	1,080	1,080	0.72%
Public safety / Public works equipment	75,000	- - -	- - -	- - -	0.00%
Renovation of the old firehouse on Broad Street	25,000	- - -	- - -	- - -	0.00%
Totals	$3,000,000	$- - -	$11,595	$11,595	

CITY OF HAWKINSVILLE, GEORGIA
AWARD NO. 01gp-116-2-4008
ONEGEORGIA SCHEDULE OF SOURCE AND USE OF FUNDS
FOR THE PERIOD ENDED JUNE 30, 2017

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
Loan payments made during fiscal year ended June 30, 2017	101,197
Balance at June 30, 2017	$ - - -

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, 2017

Total Fiscal Year 2014 CDBG Funds Awarded to Recipient	$500,000
Total Amount Drawdown by Recipient from DCA	$500,000
Less: CDBG Funds Expended by Recipient	500,000
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, 2017

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	43,300	- - -	43,300	NONE
Public Sanitary Sewer	P-03J-02	372,090	386,860	10,000	396,860	NONE
Contingencies	C-022-00	14,770	- - -	- - -	- - -	NONE
Administration	A-21A-00	30,000	30,000	- - -	30,000	NONE
		$500,000	$500,000	$10,000	$510,000	

OTHER REQUIRED REPORTS

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

D. M. Vickers & Assoc., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DON M. VICKERS, CPA (1931-1989)
LARRY E. GARRETT, CPA
DENNIS M. VICKERS, CPA
C. LEE WEST JR., CPA

139 BROAD STREET
P.O. BOX 239
HAWKINSVILLE, GEORGIA 31036
(478) 783-4091

Internet
www.dmvickers.com
Telecopier
(478) 783-2430

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

Board of Commissioners
City of Hawkinsville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hawkinsville, Georgia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Hawkinsville, Georgia's basic financial statements and have issued our report thereon dated July 18, 2018. 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 of the financial statements, 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 Pulaski County, 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Hawkinsville, Georgia's Response to Findings

The City of Hawkinsville, Georgia's response to the findings 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.



July 18, 2018

FINDINGS - FINANCIAL STATEMENT AUDIT

2017-1 Segregation of Duties

Condition: There is not appropriate segregation of duties between initiation, authorization, recording, processing, and reconciliation of transactions and other operational functions and the custody of related assets in the various funds possessed by the City.

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

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

Recommendation: The duties of initiation, authorization, recording, processing, 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 can not be totally addressed; however, this condition is minimized due to the involvement of the City Manager and the Finance Director.