CITY OF HAWKINSVILLE, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
AND
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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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, 2018, 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, 2018, 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, 2018, 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 March 7, 2019, 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.



March 7, 2019

BASIC FINANCIAL STATEMENTS

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2018

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HAWKINSVILLE DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS:				
Cash and cash equivalents	$ 795,898	$ 333,786	$ 1,129,684	$ 34,025
Receivables (net of allowance, where applicable):				
Accounts	- - -	386,655	386,655	- - -
Interest	6	- - -	6	3,591
Taxes	24,067	- - -	24,067	- - -
Accounts receivable - fines	- - -	- - -	- - -	- - -
Notes	- - -	- - -	- - -	116,409
Lease	3,000	- - -	3,000	- - -
Other	34,150	83,950	118,100	- - -
Intergovernmental	160,696	- - -	160,696	- - -
Prepaid items	6,908	32,008	38,916	- - -
Deposits	- - -	50	50	- - -
Investments	1,487,298	838,275	2,325,573	- - -
Nondepreciable capital assets	880,644	463,381	1,344,025	- - -
Depreciable capital assets, net	4,463,659	7,155,255	11,618,914	- - -
Total assets	7,856,326	9,293,360	17,149,686	154,025
DEFERRED OUTFLOWS OF RESOURCES -				
Pensions	113,524	117,534	231,058	- - -
LIABILITIES:				
Accounts payable	106,373	421,836	528,209	452
Interest payable	2,369	7,364	9,733	- - -
Other payables	- - -	68,408	68,408	- - -
Accrued liabilities	20,008	28,273	48,281	- - -
Noncurrent liabilities:				
Due within one year:				
Compensated absences	17,010	58,788	75,798	- - -
Notes payable	99,676	60,335	160,011	- - -
Capital leases payable	14,078	- - -	14,078	- - -
Post-closure care costs	- - -	5,175	5,175	- - -
Due in more than one year:				
Notes payable	962,410	683,997	1,646,407	- - -
Capital leases payable	99,041	- - -	99,041	- - -
Post-closure care costs	- - -	71,162	71,162	- - -
Pensions	252,267	207,739	460,006	- - -
Total liabilities	1,573,232	1,613,077	3,186,309	452
DEFERRED INFLOWS OF RESOURCES -				
Pensions	128,147	117,988	246,135	- - -
NET POSITION:				
Net investment in capital assets	5,129,597	6,874,304	12,003,901	- - -
Restricted for:				
Debt service	28,525	- - -	28,525	- - -
Capital projects	601,766	- - -	601,766	- - -
Community and economic development	160	- - -	160	- - -
Cemetery:				
Expendable	6	- - -	6	- - -
Nonexpendable	5,000	- - -	5,000	- - -
Unrestricted	503,417	805,525	1,308,942	153,573
Total net position	$6,268,471	$7,679,829	$13,948,300	$153,573

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	$1,023,233	$ 111,127	$ - - -	$253,998	$ (658,108)	$ - - -	$ (658,108)	$ - - -
Public safety:								
Fire protection	160,040	- - -	- - -	4,072	(155,968)	- - -	(155,968)	- - -
Law enforcement	594,298	- - -	- - -	6,108	(588,190)	- - -	(588,190)	- - -
E-911	111,346	- - -	- - -	- - -	(111,346)	- - -	(111,346)	- - -
Animal control	72,945	- - -	- - -	- - -	(72,945)	- - -	(72,945)	- - -
Public works	728,712	- - -	67,978	71,262	(589,472)	- - -	(589,472)	- - -
Culture and recreation	98,495	- - -	- - -	108,565	10,070	- - -	10,070	- - -
Community and economic development	1,354,246	36,000	266,715	48,872	(1,002,659)	- - -	(1,002,659)	- - -
Interest on long-term debt	33,675	- - -	- - -	- - -	(33,675)	- - -	(33,675)	- - -
Total governmental activities	4,176,990	147,127	334,693	492,877	(3,202,293)	- - -	(3,202,293)	- - -
Business-type activities:								
Water and Sewerage	1,603,101	1,253,250	- - -	- - -	- - -	(349,851)	(349,851)	- - -
Gas	2,557,629	2,971,095	- - -	- - -	- - -	413,466	413,466	- - -
Training Facility	282,743	85,944	- - -	- - -	- - -	(196,799)	(196,799)	- - -
Sanitation	481,694	499,026	- - -	- - -	- - -	17,332	17,332	- - -
Total business-type activities	4,925,167	4,809,315	- - -	- - -	- - -	(115,852)	(115,852)	- - -
Total primary government	$9,102,157	$4,956,442	$334,693	$492,877	(3,202,293)	(115,852)	(3,318,145)	- - -
Component unit -								
Hawkinsville Downtown Development Authority	$ 11,577	$ - - -	$ 5,231	$ 2,000	- - -	- - -	- - -	(4,346)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					520,607	- - -	520,607	- - -
Sales taxes					488,775	- - -	488,775	- - -
Franchise taxes					277,634	- - -	277,634	- - -
Insurance premium taxes					380,290	- - -	380,290	- - -
Alcoholic beverage taxes					69,950	- - -	69,950	- - -
Hotel / motel taxes					57,535	- - -	57,535	- - -
Financial institutions taxes					14,197	- - -	14,197	- - -
Interest and investment earnings					5,817	125	5,942	6,084
Miscellaneous					96,176	141,942	238,118	7,200
Transfers					283,697	(283,697)	- - -	- - -
Total general revenues and transfers					2,194,678	(141,630)	2,053,048	13,284
Change in net position					(1,007,615)	(257,482)	(1,265,097)	8,938
Net position - beginning					7,276,086	7,937,311	15,213,397	144,635
Net position - ending					$ 6,268,471	$7,679,829	$13,948,300	$153,573

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	UDAG GRANT FUND	2017 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
ASSETS:					
Cash on hand	$ 600	$ - - -	$ - - -	$ - - -	$ 600
Cash - financial institutions	72,312	150,252	215,094	357,640	795,298
Receivables (net of allowance, where applicable):					
Interest	- - -	- - -	- - -	6	6
Property taxes	24,067	- - -	- - -	- - -	24,067
Accounts receivable - fines	- - -	- - -	- - -	- - -	- - -
Notes	- - -	- - -	- - -	- - -	- - -
Capital lease	- - -	3,000	- - -	- - -	3,000
Other	34,150	- - -	- - -	- - -	34,150
Intergovernmental	81,399	- - -	79,297	- - -	160,696
Interfund balances	- - -	- - -	- - -	5,623	5,623
Prepaid items	6,908	- - -	- - -	- - -	6,908
Investments	- - -	1,487,298	- - -	- - -	1,487,298
Total assets	$219,436	$1,640,550	$294,391	$363,269	$2,517,646

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	UDAG GRANT FUND	2017 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 67,166	$ 19,244	$ 14,340	$ 5,623	$ 106,373
Interfund balances	5,623	- - -	- - -	- - -	5,623
Accrued liabilities	20,008	- - -	- - -	- - -	20,008
Total liabilities	92,797	19,244	14,340	5,623	132,004
DEFERRED INFLOWS OF RESOURCES -					
Unavailable revenue - property tax	19,231	- - -	- - -	- - -	19,231
Total deferred inflows of resources	19,231	- - -	- - -	- - -	19,231
FUND BALANCES:					
Nonspendable:					
Prepaid items	6,908	- - -	- - -	- - -	6,908
Cemetery fund principal	- - -	- - -	- - -	5,000	5,000
Restricted:					
Community and economic development	- - -	- - -	- - -	160	160
Capital projects	- - -	- - -	280,051	321,715	601,766
Debt service	- - -	- - -	- - -	30,765	30,765
Cemetery improvements	- - -	- - -	- - -	6	6
Assigned to -					
Community and economic development	- - -	1,621,306	- - -	- - -	1,621,306
Unassigned	100,500	- - -	- - -	- - -	100,500
Total fund balances	107,408	1,621,306	280,051	357,646	2,366,411
Total liabilities, deferred inflows of resources, and fund balances	$219,436	$1,640,550	$294,391	$363,269	$2,517,646

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, 2018

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 2,366,411
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	$ 8,698,354	
Less: accumulated depreciation	(3,354,051)	5,344,303
Other receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the Governmental Funds Balance Sheet -		
Property taxes		19,231
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	$ 5,623	
Interfund payables	(5,623)	- - -
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	$ 113,524	
Deferred inflows	(128,147)	(14,623)
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	$ (17,010)	
Capital leases payable	(113,119)	
Notes payable	(1,062,086)	
Net Pension Liability	(252,267)	
Accrued interest payable	(2,369)	(1,446,851)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 6,268,471

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, 2018

	GENERAL FUND	UDAG GRANT FUND	2017 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	$ 1,755,264	$ - - -	$ - - -	$ 57,534	$ 1,812,798
Licenses and permits	111,716	- - -	- - -	- - -	111,716
Intergovernmental	119,636	- - -	488,656	266,715	875,007
Fines and forfeitures	- - -	- - -	- - -	- - -	- - -
Interest	5,164	626	575	982	7,347
Miscellaneous	37,026	21,049	- - -	26,400	84,475
Total revenues	2,028,806	21,675	489,231	351,631	2,891,343
EXPENDITURES:					
Current:					
General government	712,073	- - -	- - -	35,959	748,032
Public safety:					
Fire protection	159,040	- - -	- - -	- - -	159,040
Law enforcement	594,298	- - -	- - -	- - -	594,298
E-911	111,346	- - -	- - -	- - -	111,346
Animal control	64,481	- - -	- - -	- - -	64,481
Emergency Management Agency	23,146	- - -	- - -	- - -	23,146
Public works	611,476	- - -	- - -	- - -	611,476
Culture and recreation	94,500	- - -	- - -	- - -	94,500
Community and economic development	1,066,363	22,093	- - -	266,955	1,355,411
Capital outlay:					
General government	- - -	- - -	10,369	- - -	10,369
Public safety:					
Fire protection	- - -	- - -	1,000	- - -	1,000
Animal control	- - -	- - -	20,779	- - -	20,779
Public works	- - -	- - -	246,053	- - -	246,053
Culture and recreation	- - -	- - -	29,827	3,995	33,822
Community and economic development	- - -	- - -	5,424	- - -	5,424
Debt service:					
Principal	53,226	- - -	- - -	21,825	75,051
Interest	28,599	- - -	- - -	5,434	34,033
Total expenditures	3,518,548	22,093	313,452	334,168	4,188,261
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,489,742)	(418)	175,779	17,463	(1,296,918)

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, 2018

	GENERAL FUND	UDAG GRANT FUND	2017 SPLOST CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (from previous page)	$(1,489,742)	$ (418)	$175,779	$ 17,463	$(1,296,918)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	1,000,000	- - -	- - -	- - -	1,000,000
Transfers in	5,345,490	23,688	- - -	27,559	5,396,737
Transfers out	(4,834,068)	(56,628)	- - -	(21,701)	(4,912,397)
Total other financing sources (uses)	1,511,422	(32,940)	- - -	5,858	1,484,340
NET CHANGE IN FUND BALANCES	21,680	(33,358)	175,779	23,321	187,422
FUND BALANCE - BEGINNING	85,728	1,654,664	104,272	334,325	2,178,989
FUND BALANCE - ENDING	$ 107,408	$1,621,306	$280,051	$357,646	$ 2,366,411

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, 2018

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 187,422
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	$ 242,852	
SPLOST assets transferred to Enterprise Funds	(200,643)	
Less: current year depreciation	(289,718)	(247,509)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds -		
Property taxes		(5,667)
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.		6,834
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	$ 37,341	
Pension expense	(61,446)	(24,105)
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 notes payable	$(1,000,000)	
Notes principal payments	61,326	
Capital lease principal payments	13,725	
Interest paid	359	(924,590)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$(1,007,615)

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
ASSETS:					
Current assets:					
Cash - financial institutions	$ 191,436	$ 76,215	$ 25,889	$ 40,246	$ 333,786
Receivables:					
Accounts	165,878	170,437	- - -	50,340	386,655
Other	2,881	75,739	1,690	3,640	83,950
Prepaid items	17,738	1,925	3,717	8,628	32,008
Total current assets	377,933	324,316	31,296	102,854	836,399
Long-term assets:					
Deposits	- - -	50	- - -	- - -	50
Investments	- - -	838,275	- - -	- - -	838,275
Capital assets:					
Land	43,318	- - -	327,875	11,484	382,677
Construction in progress	80,704	- - -	- - -	- - -	80,704
Buildings	2,175,900	8,000	2,285,313	- - -	4,469,213
Improvements other than buildings	- - -	1,210,976	251,171	- - -	1,462,147
Machinery and equipment	23,603,385	486,938	294,001	333,033	24,717,357
Accumulated depreciation	(21,585,587)	(646,615)	(1,027,501)	(233,759)	(23,493,462)
Total long-term assets	4,317,720	1,897,624	2,130,859	110,758	8,456,961
Total assets	4,695,653	2,221,940	2,162,155	213,612	9,293,360
DEFERRED OUTFLOWS OF RESOURCES -					
Pensions	71,549	5,578	6,415	33,992	117,534

The notes are an integral part of these financial statements.

CITY OF HAWKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 111,298	$ 257,671	$ 5,062	$ 47,805	$ 421,836
Interest payable	686	6,678	- - -	- - -	7,364
Customer deposits	41,508	26,900	- - -	- - -	68,408
Accrued expenses	15,298	3,838	3,775	5,362	28,273
Compensated absences	26,445	655	12,277	19,411	58,788
Notes payable	35,759	24,576	- - -	- - -	60,335
Post-closure care costs	- - -	- - -	- - -	5,175	5,175
Total current liabilities	230,994	320,318	21,114	77,753	650,179
Long-term liabilities:					
Notes payable	425,663	258,334	- - -	- - -	683,997
Post-closure care cost	- - -	- - -	- - -	71,162	71,162
Pensions	123,511	11,316	3,476	69,436	207,739
Total long-term liabilities	549,174	269,650	3,476	140,598	962,898
Total liabilities	780,168	589,968	24,590	218,351	1,613,077
DEFERRED INFLOWS OF RESOURCES -					
Pensions	75,646	2,590	4,579	35,173	117,988
NET POSITION:					
Net investment in capital assets	3,856,298	776,389	2,130,859	110,758	6,874,304
Unrestricted	55,090	858,571	8,542	(116,678)	805,525
Total net position	$3,911,388	$1,634,960	$2,139,401	$ (5,920)	$7,679,829

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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING REVENUES:					
Charges for services	$1,253,250	$2,971,095	$ - - -	$499,026	$4,723,371
Rents	- - -	- - -	85,944	- - -	85,944
Miscellaneous	12,994	71,395	21,869	- - -	106,258
Total operating revenues	1,266,244	3,042,490	107,813	499,026	4,915,573
OPERATING EXPENSES:					
Salaries	413,351	30,467	100,721	144,091	688,630
Parts and supplies	131	2,690	4,313	14,161	21,295
Purchases	- - -	2,016,162	- - -	- - -	2,016,162
Supervision and engineering	10,819	140,568	1,032	- - -	152,419
Equipment rentals	31,280	- - -	- - -	- - -	31,280
Collection fees	- - -	11,159	- - -	16	11,175
Taxes	33,691	46,301	7,888	11,600	99,480
Vehicle expense	23,875	- - -	9,244	30,434	63,553
Utilities	269,877	4,078	27,775	3,247	304,977
Repairs and maintenance	85,202	- - -	121	93,239	178,562
Depreciation	240,425	25,748	59,689	20,067	345,929
Office expense	135,702	3,424	28,750	2,210	170,086
Professional services	3,667	254,207	575	- - -	258,449
Insurance	230,497	4,406	37,744	66,884	339,531
Uniforms	3,028	- - -	- - -	- - -	3,028
Retirement	46,007	5,497	4,141	21,339	76,984
Advertising	1,206	2,304	204	225	3,939
Miscellaneous	20,507	2,514	546	- - -	23,567
Technical services	39,751	- - -	- - -	- - -	39,751
Landfill fees	- - -	- - -	- - -	74,181	74,181
Appliance incentive program	- - -	300	- - -	- - -	300
Total operating expenses	1,589,016	2,549,825	282,743	481,694	4,903,278
OPERATING INCOME (LOSS)	(322,772)	492,665	(174,930)	17,332	12,295

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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER AND SEWERAGE FUND	GAS FUND	TRAINING FACILITY FUND	SANITATION FUND	TOTAL
OPERATING INCOME (LOSS) (from previous page)	$ (322,772)	$ 492,665	$ (174,930)	$ 17,332	$ 12,295
NONOPERATING REVENUES (EXPENSES):					
Interest income	125	- - -	- - -	- - -	125
Interest charges	(9,552)	(6,678)	- - -	- - -	(16,230)
Gain (loss) on disposition of assets	(4,533)	(1,126)	- - -	- - -	(5,659)
Undistributed income from joint venture	- - -	35,684	- - -	- - -	35,684
Total nonoperating revenues (expenses)	(13,960)	27,880	- - -	- - -	13,920
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(336,732)	520,545	(174,930)	17,332	26,215
CAPITAL GRANTS AND CONTRIBUTIONS	191,616	- - -	9,027	- - -	200,643
TRANSFERS IN	1,492,366	2,791,352	220,712	448,170	4,952,600
TRANSFERS OUT	(1,297,667)	(3,518,577)	(110,261)	(510,435)	(5,436,940)
CHANGE IN NET POSITION	49,583	(206,680)	(55,452)	(44,933)	(257,482)
TOTAL NET POSITION - BEGINNING	3,861,805	1,841,640	2,194,853	39,013	7,937,311
TOTAL NET POSITION - ENDING	$ 3,911,388	$ 1,634,960	$2,139,401	$ (5,920)	$ 7,679,829

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, 2018

	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	$ 1,279,539	$ 3,012,803	$ 85,944	$ 492,604	$ 4,870,890
Payments to suppliers	(864,994)	(2,394,769)	(123,119)	(310,757)	(3,693,639)
Payments to employees	(404,144)	(27,956)	(97,497)	(134,744)	(664,341)
Other receipts (payments)	(2,881)	64,331	21,826	2,730	86,006
Net cash provided (used) by operating activities	7,520	654,409	(112,846)	49,833	598,916
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,492,366	2,791,352	220,712	448,170	4,952,600
Transfers out	(1,297,667)	(3,518,577)	(110,261)	(510,435)	(5,436,940)
Net cash provided (used) by noncapital financing activities	194,699	(727,225)	110,451	(62,265)	(484,340)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from notes payable	- - -	316,228	- - -	- - -	316,228
Purchases of capital assets	(106,284)	(317,839)	- - -	- - -	(424,123)
Principal paid on capital debt	(35,052)	(33,318)	- - -	- - -	(68,370)
Interest paid on capital debt	(9,609)	- - -	- - -	- - -	(9,609)
Net cash provided (used) by capital and related financing activities	(150,945)	(34,929)	- - -	- - -	(185,874)
CASH FLOWS FROM INVESTING ACTIVITIES -					
Interest and dividends	125	- - -	- - -	- - -	125
Net cash provided (used) by investing activities	125	- - -	- - -	- - -	125

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, 2018

	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	$ 51,399	$(107,745)	$ (2,395)	$(12,432)	$(71,173)
CASH AND CASH EQUIVALENTS - BEGINNING	140,037	183,960	28,284	52,678	404,959
CASH AND CASH EQUIVALENTS - ENDING	$ 191,436	$ 76,215	$ 25,889	$ 40,246	$333,786
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$(322,772)	$ 492,665	$(174,930)	$ 17,332	$ 12,295
Adjustments to reconcile operating income to net cash provided (used) by operating activities -					
Depreciation expense	240,425	25,748	59,689	20,067	345,929
Change in assets and liabilities:					
Receivables, net	11,420	40,376	- - -	(6,422)	45,374
Other receivables	(2,881)	(7,064)	(43)	2,730	(7,258)
Inventories	51,070	- - -	- - -	- - -	51,070
Prepaid items	9,204	(1,925)	(260)	4,329	11,348
Deferred outflows of resources - pensions	9,946	2,731	905	5,161	18,743
Accounts and other payables	9,754	100,324	(584)	8,136	117,630
Deposits	1,875	1,332	- - -	- - -	3,207
Accrued expenses	218	442	58	(5,686)	(4,968)
Accrued salaries	(352)	(875)	72	103	(1,052)
Accrued compensated absences	(6,024)	655	1,777	1,735	(1,857)
Net pension liability	(37,518)	- - -	(3,127)	(15,634)	(56,279)
Deferred inflows of resources - pensions	43,155	- - -	3,597	17,982	64,734
Net cash provided (used) by operating activities	$ 7,520	$ 654,409	$(112,846)	$ 49,833	$598,916
NONCASH CAPITAL FINANCING ACTIVITIES -					
Contributions of capital assets	$ 191,616	$ - - -	$ 9,027	$ - - -	$200,643

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 two 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 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, 2017, are reported in the Gas Fund for the current year.

Income of $35,684 was reported in the Gas Fund for the year ended June 30, 2018. Total investment in the JONG recorded as an investment by the Gas Fund totaled $838,275 at June 30, 2018.

The City owns approximately 18.81% 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, 2018, 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.

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.

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.

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, 2018, 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, 2018, 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.

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, 2018, 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 2004 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 Fund -

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

H. CASH AND CASH EQUIVALENTS: 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.

Effective June 30, 2018, the City wrote off all inventory due to obsolescence and adopted the policy of recording items as expenditures or expenses as purchased. Inventoriable items are no longer maintained on hand but are purchased as necessary and immediately placed in service. The City recognized $3,128 as an expenditure in the General Fund and the Governmental Activities and $51,070 as expense in the Water and Sewerage Fund and the Business-Type Activities during the year ended June 30, 2018.

N. PREPAID ITEMS: Payments made to vendors for services that benefit periods beyond June 30, 2018, are recorded as prepaid items.

O. DEPOSITS: Deposits at June 30, 2018, 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 City reports intangible assets in accordance with GASB Statement No. 51.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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, 2018, accrued vacation leave of $17,010 has been recorded in the government-wide Statement of Net Position in the Governmental Activities and $58,788 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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, Training Facility Fund, and the Sanitation Fund. These pension plan items are discussed below.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

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

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

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

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

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, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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, 2018, 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, 2018, $648,838 of the City's bank balance of $1,179,872 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	$648,838
Total	$648,838

Discretely Presented Component Unit

The Hawkinsville Downtown Development Authority does not have a deposit policy for custodial credit risk. As of June 30, 2018, 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, 2018, 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	$5,623	$5,623
Total	$5,623	$5,623

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

Interfund transfers for the year ended June 30, 2018, 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	$ - - -	$56,628	$21,701	$1,297,667	$3,363,626	$107,865	$498,003	$ 5,345,490
Special Revenue Fund - UDAG Grant	23,688	- - -	- - -	- - -	- - -	- - -	- - -	23,688
Capital Projects Fund - 2017 SPLOST								
Nonmajor Governmental Funds	27,559	- - -	- - -	- - -	- - -	- - -	- - -	27,559
Water and Sewerage Fund	1,322,587	- - -	- - -	- - -	154,951	2,396	12,432	1,492,366
Gas Fund	2,791,352	- - -	- - -	- - -	- - -	- - -	- - -	2,791,352
Training Facility Fund	220,712	- - -	- - -	- - -	- - -	- - -	- - -	220,712
Sanitation Fund	448,170	- - -	- - -	- - -	- - -	- - -	- - -	448,170
Total	$4,834,068	$56,628	$21,701	$1,297,667	$3,518,577	$110,261	$510,435	$10,349,337

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 $200,643 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, 2018, $485,000 has been advanced. Unadvanced funds on this note at June 30, 2018, 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, 2018, $148,800 has been advanced. Unadvanced funds on this note at June 30, 2018, 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, 2018, $1,000,000 has been advanced to River Market. There were no unadvanced funds on this note at June 30, 2018. Due to the terms of this note, the City has recorded an allowance in the amount of $1,000,000. During the year ended June 30, 2013, the due date of this note was extended to February 21, 2052.

A description of the note outstanding is as follows:

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

6. NOTE RECEIVABLE - COTTON MILL LOFTS, LLC:

During the year ended June 30, 2012, the Hawkinsville Downtown Development Authority, a 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, 2018, $160,000 has been advanced to Cotton Mill. There were no unadvanced funds on this note at June 30, 2018.

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.	$114,539

7. NOTES RECEIVABLE - FACADE:

During the year ended June 30, 2018, 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, 2018, $11,495 has been advanced to four individual business owners. There were no unadvanced funds on these notes at June 30, 2018. 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, 2018, the balance outstanding is $4,320. Due to the delinquency of one of the notes, the City has recorded an allowance in the amount of $2,450. The balance of the facade notes receivable, net of allowance, at June 30, 2018 is $1,870.

8. CAPITAL ASSETS:

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 856,980	$ 1,452	$- - -	$ - - -	$ 858,432
Construction in progress	15,350	6,862	- - -	- - -	22,212
Total capital assets, not being depreciated	872,330	8,314	- - -	- - -	880,644
Capital assets, being depreciated:					
Buildings	3,889,526	- - -	- - -	- - -	3,889,526
Improvements other than buildings	1,072,246	8,730	- - -	- - -	1,080,976
Infrastructure	2,166,205	7,920	- - -	- - -	2,174,125
Machinery and equipment	655,838	212,464	- - -	(200,643)	667,659
Intangible assets	- - -	5,424	- - -	- - -	5,424
Total capital assets, being depreciated	7,783,815	234,538	- - -	(200,643)	7,817,710
Less accumulated depreciation for:					
Buildings	1,371,591	89,656	- - -	- - -	1,461,247
Improvements other than buildings	526,411	40,383	- - -	- - -	566,794
Infrastructure	825,982	101,159	- - -	- - -	927,141
Machinery and equipment	340,349	58,282	- - -	- - -	398,631
Intangible assets	- - -	238	- - -	- - -	238
Total accumulated depreciation	3,064,333	289,718	- - -	- - -	3,354,051
Total capital assets, being depreciated, net	4,719,482	(55,180)	- - -	(200,643)	4,463,659
Governmental activities capital assets, net	$5,591,812	$(46,866)	$- - -	$(200,643)	$5,344,303

8. CAPITAL ASSETS: (continued)

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Business-type Activities:					
Capital assets, not being depreciated -					
Land	$ 382,677	$ - - -	$ - - -	$ - - -	$ 382,677
Construction in progress	106,722	41,181	67,199	- - -	80,704
Total capital assets, not being depreciated	489,399	41,181	67,199	- - -	463,381
Capital assets, being depreciated:					
Buildings	4,469,213	- - -	- - -	- - -	4,469,213
Improvements other than buildings	1,094,286	367,861	- - -	- - -	1,462,147
Machinery and equipment	24,443,621	82,280	9,187	200,643	24,717,357
Total capital assets, being depreciated	30,007,120	450,141	9,187	200,643	30,648,717
Less accumulated depreciation for:					
Buildings	2,668,223	50,851	- - -	- - -	2,719,074
Improvements other than buildings	389,723	23,382	- - -	- - -	413,105
Machinery and equipment	20,093,115	271,696	3,528	- - -	20,361,283
Total accumulated depreciation	23,151,061	345,929	3,528	- - -	23,493,462
Total capital assets, being depreciated, net	6,856,059	104,212	5,659	200,643	7,155,255
Business-type activities capital assets, net	$ 7,345,458	$145,393	$72,858	$200,643	$ 7,618,636

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

Governmental activities:	
General government	$228,239
Public safety -	
Animal control	60,477
Public works	1,002
Total depreciation expense - governmental activities	$289,718
Business-type activities:	
Water and Sewerage	$240,425
Gas	25,748
Training Facility	59,689
Sanitation	20,067
Total depreciation expense - business-type activities	$345,929

9. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The following table provides detail regarding the deferred outflows and inflows of resources on the government-wide Statement of Net Position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewerage Fund, Gas Fund, Training Facility 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	$ 37,341	$ 37,339	$24,892	$- - -	$2,074	$10,373
Differences between expected and actual experience	16,507	19,341	9,754	2,969	964	5,654
Change in assumptions	23,303	23,303	15,535	- - -	1,295	6,473
Net differences between projected and actual earnings on pension plan investments	36,373	37,551	21,368	2,609	2,082	11,492
Total deferred outflows	$113,524	$117,534	$71,549	$5,578	$6,415	$33,992
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	126,172	119,963	76,606	3,135	5,132	35,090
Total deferred inflows	$128,147	$117,988	$75,646	$2,590	$4,579	$35,173

10. LONG-TERM OBLIGATIONS:

Primary Government

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
Compensated absences	$ 23,844	$ - - -	$ 6,834	$ 17,010	$ 17,010
Note payable - Workforce Development Center	123,412	- - -	21,825	101,587	22,780
Notes payable - Hawkinsville-Pulaski County Development Authority	- - -	1,000,000	39,501	960,499	76,896
Capital leases payable	126,844	- - -	13,725	113,119	14,078
Pensions	308,547	337,251	393,531	252,267	- - -
Total governmental activities	$582,647	$1,337,251	$475,416	$1,444,482	$130,764
Business-type activities:					
Compensated absences	$ 60,645	$ - - -	$ 1,857	$ 58,788	$ 58,788
Note payable - GEFA	496,474	- - -	35,052	461,422	35,759
Note payable - BB&T	- - -	316,228	33,318	282,910	24,576
Post-closure care costs	82,157	- - -	5,820	76,337	5,175
Pensions	264,018	337,233	393,512	207,739	- - -
Total business-type activities	$903,294	$ 653,461	$469,559	$1,087,196	$124,298

10. LONG-TERM OBLIGATIONS: (continued)

A. LONG-TERM OBLIGATIONS FOR GOVERNMENTAL ACTIVITIES:

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

Note 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, 2018, the City has fully funded the reserve which is maintained in a separate bank account in the amount of $29,229. The note payable at June 30, 2018, consisted of the following:

USDA - $510,000 note due in forty annual installments of $27,224 including interest at 4.375%.	$101,587
Less current portion	22,780
Total long-term portion	$ 78,807

The annual debt service requirements to maturity, including principal and interest, for the Workforce Development Center note payable as of June 30, 2018, are as follows:

Year ending June 30,	Principal	Interest	Total
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	$101,587	$11,810	$113,397

Notes payable - Hawkinsville-Pulaski County Development Authority - The City of Hawkinsville signed an intergovernmental contract with the Hawkinsville-Pulaski County Development Authority (Authority) to provide assistance with economic development opportunities. The Authority was authorized to borrow funds for the purpose of funding a portion of the proposed expansion of Hollingsworth & Vose Company. The Authority disbursed these funds to Hollingsworth & Vose Company immediately upon receipt of the loan proceeds. The City signed the notes as guarantor and will provide the funds as needed to repay the notes payable. The notes at June 30, 2018, consisted of the following:

PlantersFirst - $500,000 note payable in twenty semiannual installments of $30,697,including interest at a variable rate of 4%.	$480,248
SunMark - $500,000 note payable in twenty semiannual installments of $30,697,including interest at a variable rate of 4%.	480,251
Total	960,499
Less current portion	76,896
Total long-term portion	$883,603

10. LONG-TERM OBLIGATIONS: (continued)

The annual debt service requirements to maturity, including principal and interest, for the Hawkinsville-Pulaski County Development Authority note payable as of June 30, 2018, are as follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 76,896	$ 45,891	$ 122,787
2020	79,114	43,673	122,787
2021	83,161	39,626	122,787
2022	87,416	35,371	122,787
2023	91,888	30,899	122,787
2024-2028	542,024	77,282	619,306
Total	$960,499	$272,742	$1,233,241

Capital lease payable - During May 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%.	$113,119
Less current portion	14,078
Total long-term portion	$ 99,041

This asset is recorded as machinery and equipment and totaled $127,972 at June 30, 2018. Depreciation expense for the year ended June 30, 2018 is $12,797. Total accumulated depreciation for the year ended June 30, 2018 is $13,863. 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.

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, 2018:

Year ending June 30,	
2019	$ 16,788
2020	16,788
2021	16,788
2022	71,387
Total minimum lease payments	121,751
Less amount representing interest	8,632
Present value of minimum lease payments	$113,119

10. LONG-TERM OBLIGATIONS: (continued)

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

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

Note payable - GEFA - During January 2010, the City entered into a note payable with Georgia Environmental Facilities Authority 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%.	$461,422
Less current portion	35,759
Total long-term portion	$425,663

The annual debt service requirements to maturity, including principal and interest, for the GEFA note payable as of June 30, 2018 is as follows:

Year ending June 30,	Principal	Interest	Total
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	38,735	5,926	44,661
2024-2028	205,723	17,582	223,305
2029-2030	69,538	1,164	70,702
Total	$461,422	$55,890	$517,312

Note payable - BB&T - During September 2017, 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 21. 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.

Branch Banking & Trust (BB&T) - $316,228 note due in eleven annual installments of approximately $33,318, including interest at 3.09%.	$282,910
Less current portion	24,576
Total long-term portion	$258,334

The annual debt service requirements to maturity, including principal and interest, for the BB&T notes and leases payable as of June 30, 2018 are as follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 24,576	$ 8,742	$ 33,318
2020	25,336	7,982	33,318
2021	26,118	7,200	33,318
2022	26,926	6,392	33,318
2023	27,758	5,560	33,318
2024-2027	152,196	14,396	166,592
Total	$282,910	$50,272	$333,182

10. LONG-TERM OBLIGATIONS: (continued)

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

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

The City has provided one-half of the cost to place a final cover on the landfill and monitoring costs to date. The remaining cost to monitor the landfill is estimated to be $76,337 and has been included in accrued expenses of the Sanitation Fund. During the year ended June 30, 2018, 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 $5,820 were paid.

The post-closure care costs requirements as of June 30, 2018 are as follows:

Year ending June 30,	
2019	$ 5,175
2020	5,175
2021	5,175
2022	5,175
2023	5,175
2024-2028	25,875
2029-2033	24,587
Total	$76,337

11. DEFICIT FUND EQUITY:

The Sanitation Fund ended the year with a deficit net position of $5,920 due to an increase in repairs and maintenance expense during the year ended June 30, 2018. Management expects to eliminate this deficit by increased transfers from other funds.

There were no deficit fund balances in any individual fund for the fiscal year ended June 30, 2018.

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

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS - There were no expenditures in excess of appropriations for the year ended June 30, 2018.

13. RESTRICTED NET POSITION:

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

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted for:			
Debt Service	$ 28,525	$- - -	$ 28,525
Capital projects	601,766	- - -	601,766
Community and economic development	- - -	160	160
Cemetery:			
Expendable	- - -	6	6
Nonexpendable	- - -	5,000	5,000
Total restricted net position Governmental Activities	$630,291	$5,166	$635,457

14. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

The City's Water and Sewerage Fund, Gas Fund, and Sanitation Fund provide utility and garbage service to the community. The City's receivable from four commercial customers amounted to $198,719. Also, these four commercial customers accounted for approximately 31.47% of the total charges for services in these funds.

15. 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 was collected as the City’s portion, whichever came first. Collections ended during September 2016. Pulaski County, Georgia administers all funds collected for the jointly owned recreation department per an intergovernmental agreement.

16. 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.

17. RETIREMENT PLANS:

A. DEFERRED COMPENSATION PLAN:

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

17. RETIREMENT PLANS: (continued)

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.

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.

17. RETIREMENT PLANS: (continued)

Plan Membership - As of January 1, 2018, 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		42
Vested terminated employees not yet receiving benefits		14
Active employees:		
Vested	14	
Nonvested	20	34
Total membership in the plan		90

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, 2018, was $87,996 which was 9.42% of the covered payroll. The amount of the current year covered payroll is $934,449.

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 $87,996. 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 standards.

17. RETIREMENT PLANS: (continued)

Actuarial assumptions - The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2018. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Projected Unit Credit
Inflation	2.75%
Salary increases	2.75% per year plus service based merit increases
Investment rate of return	7.50%, 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 with sex-distinct rates for disabled participants.

The mortality and economic actuarial assumptions used in the January 1, 2018, 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 March 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 7.50%. 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.

17. 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 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$813,456	$460,006	$156,894

Changes in the Net Pension Liability - The measurement date of the net pension liability was September 30, 2017. The date of the actuarial valuation on which the total pension liability is based was January 1, 2018.

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)
Balances at September 30, 2016	$3,549,633	$2,977,068	$ 572,565
Changes for the year:			
Service cost	49,869	- - -	49,869
Interest	264,658	- - -	264,658
Differences between expected and actual experience	5,005	- - -	5,005
Contributions - employer	- - -	83,965	(83,965)
Net investment income	- - -	433,701	(433,701)
Benefit payments, including refunds of employee contributions	(269,377)	(269,377)	- - -
Administrative expense	- - -	(15,667)	15,667
Assumption changes	69,908	- - -	69,908
Net changes	120,063	232,622	(112,559)
Balances at September 30, 2017	$3,669,696	$3,209,690	$ 460,006

Changes of assumptions:

Based on an actuarial study conducted in September 2017, the following assumption changes were made:
The investment return assumption was decreased from 7.75% to 7.50%.
The inflation assumption was decreased from 3.25% to 2.75%.

Benefit changes - There were no changes in benefit provisions in the last two fiscal years.

17. RETIREMENT PLANS: (continued)

Pension expense -

Service cost	$ 49,869
Interest on TPL	264,658
Administrative expenses	15,667
Expected return on assets	(222,931)
Expensed portion of current year period differences between expected and actual experience in TPL	1,669
Expensed portion of current year period assumption changes	23,302
Expensed portion of current year period differences between projected and actual investment earnings	(42,154)
Current year recognition of deferred inflows and outflows established in prior years	52,498
Total pension expense	$ 142,578

Deferred outflows/inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 35,848	$ - - -
Changes of assumptions	46,606	- - -
Net difference between projected and actual earnings on pension plan investments	73,924	246,135
City contributions subsequent to the measurement date	74,680	- - -
Total deferred outflows/inflows of resources related to pensions	$231,058	$246,135

The $74,680 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, 2019. 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
2019	$ 94,445	$ 81,299
2020	61,933	61,341
2021	- - -	61,341
2022	- - -	42,154
Total projected recognition of deferred outflows/inflows	$156,378	$246,135

18. 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.

19. 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 2018 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 2018 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 2018 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, 2018, 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, 2018, rent expenditures for the City totaled $1,043.

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, 2018, rent expenditures for the City totaled $9,000.

The following is a schedule of annual lease requirements as of June 30, 2018

Year ending June 30	Amount
2019	$ 8,493
2020	1,043
2021	522
	$10,058

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 2018 totaled $7,200 and is recorded as rent revenue in Hawkinsville Downtown Development Authority.

20. 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, 2018 is as follows:

	Amount	Percentage of Tax Receipts
Receipts:		
Lodging tax receipts	$57,535	
Expenditures:		
Hawkinsville Pulaski Chamber of Commerce, Inc.	$35,959	62.50%
General Fund	21,576	37.50%
Total expenditures	$57,535	

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.

21. 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, 2018. 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.

21. 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 6. The City has budgeted $24,000 for the 2018-2019 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 $11,774 per month.

21. 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 18.81% at June 30, 2018. As of September 30, 2017, the outstanding balance of the debt was $796,105 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 required an extension of the natural gas line and an extension to the sewer lines that service the H&V plant. The City has provided the $1,000,000 grant to H&V as discussed in Note 10A.

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 cash Member Return to the City in the amount of $71,395 for the year ended June 30, 2018.

The City was awarded a FY2018 Local Maintenance and Improvement Grant in the amount of $67,733. The grant requires the City to provide a match with local funds in the amount of $20,320.

During June 2018, the City entered into a solid waste collection service contract with Advanced Disposal Services Middle Georgia, LLC to collect, transport, and dispose of commercial and residential waste generated by residential and commercial premises in the incorporated areas of the City. The effective date of this agreement is August 1, 2018.

22. SUBSEQUENT EVENTS:

Subsequent to year end, the City entered into an advanced metering infrastructure equipment lease and related services agreement with Georgia Power Company. The term of the agreement is 15 years and begins on the effective date of August 6, 2018. This agreement shall be automatically extended or renewed for successive one year periods, up to a maximum total of five times, on the same terms and conditions as in effect immediately prior to the then-current expiration date unless terminated by the City in writing of its election by November 1 of the contract term. The maximum term of the agreement is twenty years.

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. Also, the City received approval from the U.S. Department of Commerce Economic Development Administration (EDA) for a $1,410,000 EDA investment for improvements and upgrades to the North Water Pollution Control Plant. This investment requires the City to provide a match of $940,000. The GEFA Clean Water State Revolving Fund loan and the EDA investment are to remedy the EPA violation discussed in Note 21.

Subsequent to year end, the City applied for a Historic Preservation Fund Grant from the Georgia Department of Natural Resources, Historic Preservation Division in the amount of $6,705. The grant will require the City to provide a match with local funds in the amount of $4,470.

Subsequent to year end, the City applied for a Georgia Department of Transportation - Aviation Programs grant in the amount of $22,500. The grant will require the City to provide a match with local funds in the amount of $7,500. This grant will provide runway pavement rehabilitation to enhance air traffic safety for the traveling public at the Hawkinsville-Pulaski County Airport.

Subsequent to year end, the City applied to the Georgia Department of Natural Resources Georgia Brownfield Program for development of a FY2019 EPA Brownfield Community-wide Assessment Grant application. Cardno, Inc. was selected to provide Brownfields Consulting services. This project will identify potential properties containing petroleum or hazardous substances within the City that are candidates for assessment and redevelopment.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED JUNE 30,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 49,869	$ 41,315	$ 49,560	$ 51,430	$ 46,003
Interest	264,658	254,288	243,829	240,806	233,260
Differences between expected and actual experience	5,005	97,536	66,508	(41,825)	(8,382)
Changes of assumptions	69,908	- - -	- - -	(19,534)	- - -
Benefit payments, including refunds of employee contributions	(269,377)	(249,279)	(200,608)	(183,134)	(163,886)
Net change in total pension liability	120,063	143,860	159,289	47,743	106,995
Total pension liability - beginning	3,549,633	3,405,773	3,246,484	3,198,741	3,091,746
Total pension liability - ending	$3,669,696	$3,549,633	$3,405,773	$3,246,484	$3,198,741
Plan fiduciary net position					
Contributions - employer	$ 83,965	$ 88,212	$ 100,594	$ 117,623	$ 118,378
Net investment income	433,701	309,285	36,574	304,694	389,345
Benefit payments, including refunds of employee contributions	(269,377)	(249,279)	(200,608)	(183,134)	(163,886)
Administrative expense	(15,667)	(9,128)	(10,325)	(8,202)	(15,316)
Net change in fiduciary net position	232,622	139,090	(73,765)	230,981	328,521
Plan fiduciary net position - beginning	2,977,068	2,837,978	2,911,743	2,680,762	2,352,241
Plan fiduciary net position - ending	$3,209,690	$2,977,068	$2,837,978	$2,911,743	$2,680,762
Net pension liability - ending	$ 460,006	$ 572,565	$ 567,795	$ 334,741	$ 517,979
Plan's fiduciary net position as a percentage of the total pension liability	87.46%	83.87%	83.33%	89.69%	83.81%
Covered employee payroll	$ 934,449	$ 888,341	$ 760,130	$ 867,622	$ 854,946
Net pension liability as a percentage of covered employee payroll	49.23%	64.45%	74.70%	38.58%	60.59%

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF CONTRIBUTIONS -
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED JUNE 30,

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 99,574	$ 89,826	$ 87,674	$104,901	$109,677
Contributions in relation to the actuarially determined contribution	99,574	89,826	87,674	104,901	109,677
Contribution deficiency (excess)	$ - - -	$ - - -	$ - - -	$ - - -	$ - - -
Covered employee payroll	$934,449	$888,341	$760,130	$867,622	$854,946
Contributions as a percentage of covered employee payroll	10.66%	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, 2018

Valuation Date: Actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

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 12 years
Asset valuation method		Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return		7.50%
Projected salary increases		2.75% 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 17 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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	$1,719,819	$ 1,777,033	$ 1,755,264	$ (21,769)
Licenses and permits	85,500	111,716	111,716	- - -
Intergovernmental	99,412	119,636	119,636	- - -
Fines and forfeitures	2,000	2,000	- - -	(2,000)
Interest	3,525	5,164	5,164	- - -
Miscellaneous	20,600	47,026	37,026	(10,000)
Total revenues	1,930,856	2,062,575	2,028,806	(33,769)
EXPENDITURES:				
General government	736,616	736,616	712,073	24,543
Public safety:				
Fire protection	159,040	159,040	159,040	- - -
Law enforcement	594,300	594,300	594,298	2
E-911	112,000	112,000	111,346	654
Animal control	57,236	64,769	64,481	288
Emergency Management Agency	24,117	24,117	23,146	971
Public works	665,145	631,553	611,476	20,077
Culture and recreation:				
Recreation board	75,000	75,000	75,000	- - -
Library Board	19,500	19,500	19,500	- - -
Community and economic development	107,572	1,156,041	1,066,363	89,678
Debt service:				
Principal	- - -	53,226	53,226	- - -
Interest	- - -	28,599	28,599	- - -
Total expenditures	2,550,526	3,654,761	3,518,548	136,213
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(619,670)	(1,592,186)	(1,489,742)	102,444
OTHER FINANCING SOURCES (USES):				
Notes payable	- - -	1,000,000	1,000,000	- - -
Transfers in	619,670	619,670	5,345,490	4,725,820
Transfers out	- - -	(27,484)	(4,834,068)	(4,806,584)
Total other financing sources (uses)	619,670	1,592,186	1,511,422	(80,764)
NET CHANGE IN FUND BALANCES	- - -	- - -	21,680	21,680
FUND BALANCE - BEGINNING	85,728	85,728	85,728	- - -
FUND BALANCE - ENDING	$ 85,728	$ 85,728	$ 107,408	$ 21,680

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ 500	$ 500	$ 626	$ 126
Miscellaneous	36,000	50,143	21,049	(29,094)
Total revenues	36,500	50,643	21,675	(28,968)
EXPENDITURES -				
Community and economic development	10,630	24,773	22,093	2,680
Total expenditures	10,630	24,773	22,093	2,680
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,870	25,870	(418)	(26,288)
OTHER FINANCING SOURCES (USES):				
Transfers in	- - -	- - -	23,688	23,688
Transfers out	(25,870)	(25,870)	(56,628)	(30,758)
Total other financing sources (uses)	(25,870)	(25,870)	(32,940)	(7,070)
NET CHANGE IN FUND BALANCES	- - -	- - -	(33,358)	(33,358)
FUND BALANCE - BEGINNING	1,654,664	1,654,664	1,654,664	- - -
FUND BALANCE - ENDING	$1,654,664	$1,654,664	$1,621,306	$(33,358)

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, 2018.

SUPPLEMENTARY INFORMATION

CITY OF HAWKINSVILLE, GEORGIA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	MILL PROJECT	HOPE IV MAIN STREET GRANT	2014 CHIP GRANT	HOTEL / MOTEL TAX	CEMETERY FUND	2010 SPLOST	WORKFORCE DEVELOPMENT CENTER	
ASSETS								
Cash - financial institutions	$- - -	$- - -	$ 160	$- - -	$5,000	$321,715	$30,765	$357,640
Receivables:								
Interest	- - -	- - -	- - -	- - -	6	- - -	- - -	6
Notes, net of allowance	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Interfund balances	- - -	- - -	- - -	5,623	- - -	- - -	- - -	5,623
Total assets	$- - -	$- - -	$ 160	$5,623	$5,006	$321,715	$30,765	$363,269
LIABILITIES AND FUND BALANCES								
LIABILITIES -								
Accounts payable	$- - -	$- - -	$- - -	$5,623	$- - -	$ - - -	$ - - -	$ 5,623
Total liabilities	- - -	- - -	- - -	5,623	- - -	- - -	- - -	- - -
FUND BALANCE:								
Nonspendable -								
Cemetery fund principal	- - -	- - -	- - -	- - -	5,000	- - -	- - -	5,000
Restricted for:								
Community and economic development	- - -	- - -	160	- - -	- - -	- - -	- - -	160
Capital projects	- - -	- - -	- - -	- - -	- - -	321,715	- - -	321,715
Debt service	- - -	- - -	- - -	- - -	- - -	- - -	30,765	30,765
Cemetery improvements	- - -	- - -	- - -	- - -	6	- - -	- - -	6
Total fund balances	- - -	- - -	160	- - -	5,006	321,715	30,765	357,646
Total liabilities and fund balances	$- - -	$- - -	$ 160	$5,623	$5,006	$321,715	$30,765	$363,269

CITY OF HAWKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	MILL PROJECT	HOPE IV MAIN STREET GRANT	2014 CHIP GRANT	HOTEL / MOTEL TAX	CEMETERY FUND	2010 SPLOST	WORKFORCE DEVELOPMENT CENTER	
REVENUES:								
Taxes	$- - -	$- - -	$ - - -	$ 57,534	$ - - -	$ - - -	$ - - -	$ 57,534
Intergovernmental	- - -	- - -	266,715	- - -	- - -	- - -	- - -	266,715
Interest	- - -	- - -	- - -	- - -	26	950	6	982
Miscellaneous	- - -	- - -	- - -	- - -	- - -	26,400	- - -	26,400
Total revenues	- - -	- - -	266,715	57,534	26	27,350	6	351,631
EXPENDITURES:								
Current:								
General government	- - -	- - -	- - -	35,959	- - -	- - -	- - -	35,959
Community and economic development	- - -	- - -	266,955	- - -	- - -	- - -	- - -	266,955
Capital outlay - Culture and recreation	- - -	- - -	- - -	- - -	- - -	3,995	- - -	3,995
Debt service:								
Principal	- - -	- - -	- - -	- - -	- - -	- - -	21,825	21,825
Interest	- - -	- - -	- - -	- - -	- - -	- - -	5,434	5,434
Total expenditures	- - -	- - -	266,955	35,959	- - -	3,995	27,259	334,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	- - -	- - -	(240)	21,575	26	23,355	(27,253)	17,463
OTHER FINANCING SOURCES (USES):								
Transfers in	- - -	- - -	335	- - -	- - -	- - -	27,224	27,559
Transfers out	- - -	- - -	- - -	(21,575)	(126)	- - -	- - -	(21,701)
Total other financing sources (uses)	- - -	- - -	335	(21,575)	(126)	- - -	27,224	5,858
NET CHANGE IN FUND BALANCES	- - -	- - -	95	- - -	(100)	23,355	(29)	23,321
FUND BALANCE - BEGINNING	- - -	- - -	65	- - -	5,106	298,360	30,794	334,325
FUND BALANCE - ENDING	$- - -	$- - -	$ 160	$ - - -	$ 5,006	$321,715	$ 30,765	$357,646

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Intergovernmental	$266,715	$267,105	$266,715	$ (390)
Total revenues	266,715	267,105	266,715	(390)
EXPENDITURES -				
Community and economic development	266,915	267,305	266,955	350
Total expenditures	266,915	267,305	266,955	350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(200)	(200)	(240)	(40)
OTHER FINANCING SOURCES (USES) -				
Transfers in	200	200	335	135
Total other financing sources (uses)	200	200	335	135
NET CHANGE IN FUND BALANCES	- - -	- - -	95	95
FUND BALANCE - BEGINNING	65	65	65	- - -
FUND BALANCE - ENDING	$ 65	$ 65	$ 160	$ 95

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Taxes	$ 40,400	$ 50,959	$ 57,534	$ 6,575
Total revenues	40,400	50,959	57,534	6,575
EXPENDITURES -				
General government	25,400	35,959	35,959	- - -
Total expenditures	25,400	35,959	35,959	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,000	15,000	21,575	6,575
OTHER FINANCING SOURCES (USES) -				
Transfers out	(15,000)	(15,000)	(21,575)	(6,575)
Total other financing sources (uses)	(15,000)	(15,000)	(21,575)	(6,575)
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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 25	$ 25	$ 26	$ 1
Total revenues	25	25	26	1
EXPENDITURES -				
Public works	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	- - -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25	25	26	1
OTHER FINANCING SOURCES (USES) -				
Transfers out	(25)	(25)	(126)	(101)
Total other financing sources (uses)	(25)	(25)	(126)	(101)
NET CHANGE IN FUND BALANCES	- - -	- - -	(100)	(100)
FUND BALANCE - BEGINNING	5,106	5,106	5,106	- - -
FUND BALANCE - ENDING	$5,106	$5,106	$5,006	$ (100)

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, 2018

	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	7,533	(4,467)
Miscellaneous	- - -	- - -	57,350	57,350
Total revenues	3,612,000	3,612,000	2,354,764	(1,257,236)
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	105,230	519,770
Community and economic development	- - -	75,000	8,447	66,553
Total expenditures	3,612,000	3,612,000	2,033,049	1,578,951
NET CHANGES IN FUND BALANCES	- - -	- - -	321,715	321,715
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$ 321,715	$ 321,715

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL TO DATE	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental	$3,000,000	$3,000,000	$604,521	$(2,395,479)
Interest	1,000	1,000	577	(423)
Total revenues	3,001,000	3,001,000	605,098	(2,395,902)
EXPENDITURES -				
Capital outlay:				
General government	1,550,000	1,550,000	10,384	1,539,616
Public safety	100,000	100,000	21,779	78,221
Public works	401,000	401,000	257,633	143,367
Culture and recreation	650,000	650,000	29,827	620,173
Community and economic development	300,000	300,000	5,424	294,576
Total expenditures	3,001,000	3,001,000	325,047	2,675,953
NET CHANGES IN FUND BALANCES	- - -	- - -	280,051	280,051
FUND BALANCE - BEGINNING	- - -	- - -	- - -	- - -
FUND BALANCE - ENDING	$ - - -	$ - - -	$280,051	$ 280,051

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES -				
Interest	$ 10	$ 10	$ 6	$ (4)
Total revenues	10	10	6	(4)
EXPENDITURES -				
Debt service:				
Principal	20,910	21,825	21,825	- - -
Interest	6,035	5,469	5,434	35
Total expenditures	26,945	27,294	27,259	35
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,935)	(27,284)	(27,253)	31
OTHER FINANCING SOURCES -				
Transfers in	26,935	27,284	27,224	(60)
Total other financing sources	26,935	27,284	27,224	(60)
NET CHANGES IN FUND BALANCES	- - -	- - -	(29)	(29)
FUND BALANCE - BEGINNING	30,794	30,794	30,794	- - -
FUND BALANCE - ENDING	$ 30,794	$ 30,794	$ 30,765	$ (29)

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest	$ - - -	$ - - -	$ 6,084	$ 6,084
Miscellaneous	34,000	34,000	14,431	(19,569)
Total revenues	34,000	34,000	20,515	(13,485)
EXPENDITURES -				
Community and economic development	34,000	34,000	11,577	22,423
Total expenditures	34,000	34,000	11,577	22,423
NET CHANGE IN FUND BALANCES	- - -	- - -	8,938	8,938
FUND BALANCE - BEGINNING	144,635	144,635	144,635	- - -
FUND BALANCE - ENDING	$144,635	$144,635	$153,573	$ 8,938

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2010 SPLOST
FOR THE YEAR ENDED JUNE 30, 2018

	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	245,124	(26,400)	218,724	21.87%
Upgrade of City property and equipment	1,500,000	1,379,849	- - -	1,379,849	91.99%
Opera House repairs	250,000	66,187	3,995	70,182	28.07%
Renovation of the old firehouse on Broad Street	75,000	2,900	- - -	2,900	3.87%
Capital projects matching grant funds	150,000	134,705	- - -	134,705	89.80%
Totals	$3,225,000	$1,998,104	$(22,405)	$1,975,699	

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	$ 3,995
Less - Rent income received on Blount building	26,400
Total Current Year Expenditures per Schedule of Projects - 2010 SPLOST	$(22,405)

CITY OF HAWKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS - 2017 SPLOST
FOR THE YEAR ENDED JUNE 30, 2018

	Original Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
		Prior Years	Current Year		
City improvements	$1,050,000	$ - - -	$160,135	$160,135	15.25%
New City Hall	500,000	15	9,119	9,134	1.83%
Economic development	300,000	- - -	58,934	58,934	19.64%
Recreation Department	300,000	- - -	20,800	20,800	6.93%
Roads and streets	250,000	10,500	5,894	16,394	6.56%
City recreation facilities	200,000	- - -	- - -	- - -	0.00%
Track improvements	150,000	- - -	9,027	9,027	6.02%
Capital projects matching grant funds	150,000	1,080	48,543	49,623	33.08%
Public safety / Public works equipment	75,000	- - -	- - -	- - -	0.00%
Renovation of the old firehouse on Broad Street	25,000	- - -	1,000	1,000	4.00%
Totals	$3,000,000	$11,595	$313,452	$325,047	

CITY OF HAWKINSVILLE, GEORGIA
AWARD NO. 01gp-116-2-4008
ONEGEORGIA SCHEDULE OF SOURCE AND USE OF FUNDS
FOR THE PERIOD ENDED JUNE 30, 2018

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, 2018

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, 2018

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.

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

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, 2018, 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 March 7, 2019. 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.



March 7, 2019

FINDINGS - FINANCIAL STATEMENT AUDIT

2018-1 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.