

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2016



Part I
Introductory Section



**HART COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

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FINANCIAL STATEMENTS
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**HART COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2016**

ELECTED

Joey Dorsey, Chairman, County Commissioner, District Five

R.C. Oglesby, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Jimmy Carey, County Commissioner, District Three (ending 12/31/16)
Marshall Sayer, County Commissioner, District Three (beginning 1/1/17)

Ricky Carter, County Commissioner, District Four

STAFF

Terrell Partain, County Administrator

Lawana Kahn, County Clerk

Betty Floyd, Associate County Clerk

Part II
Financial Section



BURCH, CROOMS & COMPANY, LLP
Certified Public Accountants

Alesia B. Burch, CPA, CGMA
Karen C. Crooms, CPA, CGMA

P. O. Box 770, 25 Chandler Center
Hartwell, Georgia 30643
706/376-3168 ~ FAX 706/376-5945

Lisa Carmichael, CPA
Kristi J. Robinson
Ruth D. Hein

June 8, 2017

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Commissioners
Hart County
Hartwell, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, which represent 51.7%, 215.5%, and 68.7%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hart County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

BURCH, CROOMS & COMPANY, LLP

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 Management's Discussion and Analysis and budgetary comparison information on pages 4 through 17 and 70 through 75 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's basic financial statements. The introductory section and the combining and individual nonmajor fund financial statements, nonmajor budgetary schedules and the schedules of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, on pages 76 through 88 as listed in the table of contents 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 nonmajor budgetary schedules, and the schedules of projects constructed with special purpose local option sales tax proceeds 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, nonmajor budgetary schedules, and the schedules of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BURCH, CROOMS & COMPANY, LLP

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The introductory section has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 County's internal control over financial reporting and compliance.

Burch, Crooms & Company, LLP

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

This section of Hart County, Georgia's (the "County") annual financial report presents a narrative overview and an analysis of the financial activities of the County for the fiscal year ended September 30, 2016. Management encourages readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.



FINANCIAL HIGHLIGHTS

The financial position of the County declined during fiscal year 2016, primarily due to expenditures related to capital improvements for the Gateway Industrial Park, recreational walking trails, and water and sewer improvements. The total net position for governmental activities decreased by \$631,003 from \$55,730,485 in fiscal year 2015 to \$55,099,482 in fiscal year 2016. \$1,275,096 represents transfers to the Hart County Industrial Building Authority, the Joint Development Authority of Franklin, Hart & Stephens Counties, and the Hart County Water & Sewer Authority, all component units of Hart County, Georgia for operations and capital improvements.

Unrestricted net position for the governmental activities decreased by \$378,121 from \$5,198,232 in fiscal year 2015 to \$4,820,111 in fiscal year 2016. Total net position increased for the business-type activities by \$1,247,623 from \$22,996,075 in fiscal year 2015 to \$24,243,698 in fiscal year 2016. Total net position for the primary government increased by \$616,620 from fiscal year 2015 to fiscal year 2016. Decreases in net positions were planned financial activities.

The assets of Hart County, Georgia's governmental activities exceeded its liabilities at September 30, 2016 by \$55,099,482 (net position). Of this amount, \$4,820,111 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.

As of September 30, 2016, the County's governmental funds reported combined ending fund balances of \$9,047,198, which is a decrease of \$646,623 or 6.7% from the previous fiscal year. This decrease is primarily due to increases in capital projects in fiscal year 2016.

As of September 30, 2016, the unassigned fund balance for the General Fund was \$4,406,727 or 39.7% of total General Fund expenditures. The Hart County Board of Commissioners (the "BOC") budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. The County Administrator recommends a target 25-50% of General Fund unassigned fund balance be maintained for cash flow and emergency needs with a minimum threshold of 25% in unrestricted cash. As of September 30, 2016, unrestricted cash of \$2,939,710 made up 66.7% of unassigned fund balance.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These basic financial statements consist of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other information supplementary to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. These statements use a format similar to a private-sector business. They include a Statement of Net Position and a Statement of Activities, which appear on pages 18 and 19 of this report.

The Statement of Net Position presents information on the County's assets and liabilities. Net position, the difference between these assets and liabilities, is a useful way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are indicators of whether its financial health is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the current fiscal year. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. This statement separates program revenue (charges for services, grants, and contributions) from general revenue (including taxes) which shows the extent each program must rely on taxes for funding.

Both of the government-wide financial statements identify the various functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Hart County, Georgia include general government, judicial, health and welfare, public safety, highways and streets, economic development, public works, and culture and recreation. The business-type activities of Hart County, Georgia include its solid waste and recycling operations in addition to water and sewer operations and economic development activities reported through blended component units. These financial statements also contain discretely presented component units for which the County is financially accountable.

Governmental Activities: These activities are comprised of functions of the County which are primarily financed by taxes and intergovernmental revenues. Examples include general government, judicial, public safety, public works, health and welfare, recreation and culture, and housing and development.

Business-type Activities: The County charges fees to cover the solid waste services it provides. The County also reports three blended component units as business-type activities: The Hart County Industrial Building Authority ("IBA") and the Joint Development Authority of Franklin, Hart and Stephens Counties ("JDA") provide services to promote the expansion and development of industrial and commercial facilities in the County. The Hart County Water and Sewer Authority ("HCWSA") charges fees for water and sewer services it provides.

Component Units: In addition to the three blended component units previously mentioned, the County's statements also include two legally separate component units for which the County is financially responsible: the Hart County Library and the Hart County Health Department. These component units are separately identified as discretely presented component units within the statements to show they are legally separate from the County.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. Hart County, Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, this set of financial statements focuses on events which produce near term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. The fund statements also have a narrower focus than the government-wide financial statements.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Hart County, Georgia maintains fourteen (14) governmental funds. The seven (7) major funds, the General Fund; the SPLOST #2, SPLOST #4, and combined CDBG Funds (capital projects funds); and the Insurance Premium Tax Fund, Multiple Grant Fund, and EIP Fund (special revenue funds) are presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data for the seven (7) nonmajor funds, the DFACS Building Fund, Drug Abuse Treatment and Education Fund, E911 Fund, Jail Fund, Behavioral Health Escrow Fund, the Law Library and the Health Care Services Fund (special revenue funds) are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor special revenue funds for which budgets are legally adopted is provided in the form of combining statements and individual fund statements and schedules located in the supplementary information section following the notes to the financial statements.

Hart County, Georgia adopted annual appropriated budgets for the General Fund and for each special revenue fund. A budgetary comparison statement is provided in order to present budgetary compliance. These comparison statements can be found following the notes to the financial statements.

Proprietary Funds: The financial statements of Hart County, Georgia include the Solid Waste Fund and three blended component units, the Hart County Industrial Building Authority, the Joint Development Authority of Franklin, Hart and Stephens Counties, and the Hart County Water and Sewer Authority as major proprietary funds. Proprietary fund statements follow the governmental fund statements in this report. The County prepares budgetary estimates for the enterprise funds. The budgetary estimates, upon which such budgets are adopted, are retained for budget control purposes and are utilized in the preparation of comparative operating statements. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the full accrual basis of accounting. The basic proprietary fund financial statements are found on pages 24 through 26 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These agency funds are not reported in the government-wide statements. The basic fiduciary fund financial statements are found on page 27 of this report.

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Component Units: The County's statements include two discretely presented component units for which the County is financially responsible. These component units are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The discretely presented component units combining financial statements are found on pages 28 through 29.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 30 through 69 of this report.

Other information: In addition to the basic financial statements and notes, this report also includes certain required supplementary information including the County's schedules of budgetary comparisons and additional supplementary information including combining and individual fund statements. This information can be found beginning on page 70.



**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Hart County, Georgia
Summary Statements of Net Position
September 30, 2016 and 2015
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Cash and investments	\$ 6,069	\$ 5,739	\$ 1,416	\$ 1,450	\$ 7,485	\$ 7,189
Other assets	4,224	5,266	366	297	4,590	5,563
Capital assets	45,970	45,756	29,097	27,741	75,067	73,497
Total assets	<u>56,263</u>	<u>56,761</u>	<u>30,879</u>	<u>29,488</u>	<u>87,142</u>	<u>86,249</u>
Liabilities:						
Current liabilities	1,012	857	992	1,092	2,004	1,949
Noncurrent liabilities	152	173	5,643	5,400	5,795	5,573
Total liabilities	<u>1,164</u>	<u>1,030</u>	<u>6,635</u>	<u>6,492</u>	<u>7,799</u>	<u>7,522</u>
Net position:						
Net investment in capital assets	45,970	45,756	22,774	21,652	68,744	67,408
Restricted	4,309	4,776	175	178	4,484	4,954
Unrestricted	4,820	5,199	1,295	1,166	6,115	6,365
Total net position	<u>\$55,099</u>	<u>\$55,731</u>	<u>\$ 24,244</u>	<u>\$ 22,996</u>	<u>\$79,343</u>	<u>\$78,727</u>

Hart County, Georgia's Net Position

As noted earlier, the net position over time can be a useful indicator of a government's financial position. As illustrated in the above table, at the end of fiscal year ending September 30, 2016, the County's assets for governmental activities exceeded liabilities by \$55.1 million and the County's assets for business-type activities exceeded liabilities by more than \$24.2 million bringing the total primary government net position to more than \$79.3 million.

Of the \$79.3 million in net position, the County's net investment in capital assets (e.g. land, buildings, machinery and equipment less any outstanding related debt used to acquire the assets and accumulated depreciation) composes 86.6% of net position. The County uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The County's net position also includes restricted net position in the amount of \$4.5 million out of which \$2.6 million is restricted for capital projects, \$0.8 million is restricted for health and welfare, \$0.5 million is restricted for economic development, \$0.3 million is restricted for public safety, and \$0.2 million is restricted for debt service. Restricted net position accounts for 5.7% of total net position. Finally, unrestricted net position of \$6.1 million, or 7.7% of total net position, may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County reported positive balances in all categories of net position, exclusive of discretely presented component units.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Hart County, Georgia
Summary Statements of Activities
For the Years Ended September 30, 2016 and 2015**
(\$ in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,665	\$ 2,599	\$ 2,353	\$ 1,990	\$ 5,018	\$ 4,589
Operating grants/contributions	212	321	93	229	305	550
Capital grants/contributions	1,038	1,000	275	260	1,313	1,260
General revenues:						
Property taxes	5,692	5,599	-	-	5,692	5,599
Motor vehicle taxes	774	799	-	-	774	799
Sales taxes	4,779	4,765	-	-	4,779	4,765
Other taxes	1,132	1,059	-	-	1,132	1,059
Interest	36	31	2	2	38	33
Miscellaneous	32	58	-	-	32	58
Total revenues	<u>16,360</u>	<u>16,231</u>	<u>2,723</u>	<u>2,481</u>	<u>19,083</u>	<u>18,712</u>
Expenses:						
Governmental activities	15,762	16,859	-	-	15,762	16,859
Business-type activities	-	-	2,725	2,489	2,725	2,489
Total expenses	<u>15,762</u>	<u>16,859</u>	<u>2,725</u>	<u>2,489</u>	<u>18,487</u>	<u>19,348</u>
Excess (deficiency) before transfers	598	(628)	(2)	(8)	596	(636)
Transfers	<u>(1,275)</u>	<u>(337)</u>	<u>1,250</u>	<u>365</u>	<u>(25)</u>	<u>28</u>
Change in net position	(677)	(965)	1,248	357	571	(608)
Net position, beginning, restated	<u>55,776</u>	<u>56,696</u>	<u>22,996</u>	<u>22,639</u>	<u>78,772</u>	<u>79,335</u>
Net position, ending	<u>\$ 55,099</u>	<u>\$ 55,731</u>	<u>\$ 24,244</u>	<u>\$ 22,996</u>	<u>\$ 79,343</u>	<u>\$ 78,727</u>

The table above is included for the purpose of comparing government-wide financial Statements of Activities for the fiscal year ended September 30, 2016 with fiscal year 2015.

For governmental activities, grants and contributions were \$1.3 million in fiscal year 2016, which is comparable to the amount in fiscal year 2015. Real and personal property taxes increased by \$0.1 million while motor vehicle taxes decreased slightly. Local option sales tax and special option sales tax increased only slightly in fiscal year 2016 compared to 2015, which supports the County's anticipation of a flat growth in sales tax revenue.

Business-type activities total revenues increased \$0.2 million between fiscal year 2016 and 2015 due mainly to Solid Waste and HCWSA experiencing increases in charges for services related to expanded customer bases.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the governmental funds is to provide information on near-term inflows and balances of spendable resources. The unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose.

At September 30, 2016, the County's governmental funds reported a combined fund balance of \$9,047,198, a decrease of \$646,623 compared to fiscal year 2015. Of this amount, \$4,406,727 (48.7%) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, \$331,229 (3.7%) is nonspendable and \$4,309,242 (47.6%) is restricted.

HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS

General Fund Components of Fund Balance:

<u>Fund Balance Component</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Nonspendable	\$ 271,226	\$ 288,500
Restricted	-	-
Unassigned	<u>4,406,727</u>	<u>4,545,185</u>
Total General Fund fund balance	\$ <u>4,677,953</u>	\$ <u>4,833,685</u>

The General Fund is the chief operating fund for the County. At the end of fiscal year 2016, the General Fund's total fund balance was \$4,677,953 of which \$4,406,727 is unassigned fund balance. As a measure of liquidity of the General Fund, it is useful to compare unassigned General Fund fund balance to total General Fund expenditures. Unassigned General Fund fund balance represents 40.5% of total General Fund expenditures while total General Fund fund balance represents approximately 42.2% of total General Fund expenditures. The General Fund fund balance is composed of cash and noncash items. Management recognizes that only the cash portion can be relied upon as liquid in the upcoming fiscal year and advises that cash fund balance should remain above a 25% minimum. As of September 30, 2016, the fund balance includes \$2,939,710 in cash. The noncash portion of the fund balance includes \$1,188,705 in EMS accounts receivable, net of allowance for bad debts, and \$582,943 in uncollected property taxes, local option sales taxes ("LOST"), title ad valorem taxes ("TAVT"), and other taxes.

General Fund Revenue Highlights:

Hart County, Georgia's General Fund revenues totaled \$11,032,253, which represents a decrease of \$19,239 over the previous fiscal year. The major revenue sources are listed in the following chart. Real and personal property tax collections accounted for 52.2% of General Fund revenues. Motor vehicle and title fees accounted for 7.0%, charges for services accounted for 10.9%, and sales and use tax collections accounted for 18.4% of total General Fund revenues. Other revenue sources included other taxes, fines and forfeitures, license and permits, earnings on investments, intergovernmental revenues and miscellaneous income.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Revenues by Source:

	<u>9/30/2016</u>	<u>9/30/2015</u>
Real and personal property taxes	\$ 5,761,117	\$ 5,801,605
Motor vehicle and title fees	773,813	798,615
Sales and use tax	2,024,467	2,018,456
Other taxes	92,111	87,849
Licenses and permits	61,164	59,578
Intergovernmental	216,910	240,851
Fines and forfeitures	677,234	627,164
Charges for services	1,206,865	1,175,087
Investment earnings	11,894	6,123
Other revenue	<u>206,678</u>	<u>236,164</u>
Total General Fund revenues	<u>\$ 11,032,253</u>	<u>\$ 11,051,492</u>

Total General Fund taxes collected by the County were \$8,651,508. Real and personal property taxes were \$207,517 (3.7%) more than the fiscal year 2016 budgeted amount while motor vehicle and title fees were \$41,187 (5.1%) less than the budgeted amount. The County collected \$75,533 (3.6%) less than anticipated in the fiscal year 2016 budget for Local Option Sales Tax ("LOST") revenues. Sales taxes are a key revenue source utilized by the BOC to keep property taxes low, however, these taxes are susceptible to overall economic conditions. Hart County's unincorporated millage rate is one of the lowest rates in the state of Georgia. The County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

The County experienced an increase of \$1,586 (2.7%) over the prior year for license and permits revenue.

Intergovernmental revenues represent local government revenue received from other governments. Intergovernmental revenues for fiscal year 2016 decreased \$23,941 (9.9%) over the prior year, mainly due to a nonrecurring federal grant of \$63,228 to reimburse for costs related to ice storm damage received in fiscal year 2015, offset by Georgia Department of Transportation capital grants received in 2016 of \$41,418.

Charges for services increased by \$31,778 (2.7%) over fiscal year 2016 due primarily to an increase in emergency medical services fees.

Fines and forfeitures were greater than the anticipated final budgeted amount by \$77,234 (12.9%) and increased by \$50,070 (8.0%) from the fiscal year 2015 actual amount due to increased caseloads and enhanced public safety efforts.

Investment income increased from fiscal year 2015 by \$5,771 (94.3%).

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Expenditure Highlights:

Hart County, Georgia's General Fund expenditures totaled \$10,872,330 compared to \$10,897,352 for the prior fiscal year, which represents a slight decrease of \$25,022 (0.2%) from the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, \$5,894,935 (54.2%) was related to public safety as compared to \$5,818,262 (53.4%) in the prior fiscal year.

General Fund Expenditures by Function:

	<u>9/30/2016</u>	<u>9/30/2015</u>
General government	\$ 1,718,916	\$ 1,811,033
Judicial	1,064,171	1,036,650
Public safety	5,894,935	5,818,262
Public works	1,199,079	1,146,909
Health and welfare	407,674	312,452
Recreation and culture	396,859	394,833
Housing and development	<u>190,696</u>	<u>377,213</u>
Total General Fund expenditures	<u>\$ 10,872,330</u>	<u>\$ 10,897,352</u>

General government expenditures were \$1,718,916. Total general government expenditures were under the final budget by \$100,003 and under the original budget by \$11,942. The final budget is the true milestone for analysis as conditions change during the fiscal year resulting in the Board of Commissioners adjusting the budget as conditions warrant. The Board of Commissioners recognizes that increases in the original budget will be paid from unrestricted fund balances.

Judicial expenditures were \$1,064,171. This amount was \$34,421 below the final budget and \$15,040 over the original budget.

Public safety expenditures totaled \$5,894,935 for the current fiscal year. These expenditures were under the final budget by \$183,528 and under the original budget by \$28,077.

Public works expenditures were \$1,199,079, which was below the final budget by \$175,555 and under the original budget by \$173,480.

Health and welfare expenditures were \$407,674, with no variance from the final budget and \$57,550 over the original budget.

Recreation and culture expenditures were \$396,859, which was below the final budget by \$21,749 and under the original budget by \$20,398.

Housing and development expenditures were \$190,696, which was \$100 less than the final budget and \$64,549 over the original budget.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

The following data includes the breakdown of public safety expenditures which represents approximately 54.2% of the total General Fund expenditures.

Public Safety Expenditures:	<u>9/30/2016</u>	<u>9/30/2015</u>
Sheriff	\$ 2,098,030	\$ 2,169,183
Jail operations	1,515,306	1,353,043
Whitworth detention center	13,552	15,254
E911	51,461	-
Emergency medical services	2,069,088	2,143,868
Animal control	77,988	80,714
Other	<u>69,510</u>	<u>56,200</u>
Total public safety expenditures	\$ <u>5,894,935</u>	\$ <u>5,818,262</u>

General Fund Budgetary Highlights:

Differences between the General Fund's original expenditure budget (including \$215,655 in budgeted transfers to blended component units) of \$11,184,743 and the final amended budget of \$11,603,341 amounted to \$418,598 or a 3.7% increase. The increases were mainly needed for the following expenditures:

General government department for additional costs related mainly to accident and storm damages, general liability insurance, and building maintenance. In addition, small increases were needed for professional fees, capital outlay, and the board of elections which was recently created from combining the former probate elections office with the former board of registrars.

Judicial department for costs related to increased caseloads, as well as superior court's increased court reporting costs and capital outlay related to heat pump replacements in the District Attorney's office.

Public safety department for higher than anticipated costs involving medical care and housing for inmates.

Public health and welfare department for mold remediation costs and for the senior citizen's center for lighting retrofit capital outlays and additional costs for food, wages and transportation due to increased attendance.

Housing and development department for increased economic development professional fees related to new industries moving into Hart County, as well as operations and improvements at the Adult Literacy Center.

The original and final budget for revenues was \$10,822,176. Total revenues for fiscal year 2016 were \$11,032,253, an increase of \$210,077 from the final budget. This variance is primarily attributed to the following:

Tax revenues were \$97,908 more than the final budget due to continued collections of prior years' real and personal property taxes, as well as penalties on late payments, and proceeds collected as a result of auction.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

Intergovernmental revenue was \$36,660 more than the final budget mainly due to two capital grants received from the Georgia Department of Transportation.

Fines and forfeitures revenue was \$77,234 more than the final budget due to increased caseloads and enhanced public safety efforts.

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS

Other Governmental Funds Components of Fund Balance:

	<u>9/30/2016</u>	<u>9/30/2015</u>
Nonspendable	\$ 60,003	\$ 83,956
Restricted	4,309,242	4,776,180
Unassigned	-	-
Total other governmental funds fund balance	\$ <u>4,369,245</u>	\$ <u>4,860,136</u>

Multiple Grant Fund: The Multiple Grant Fund is a major special revenue fund consisting of activity related to various grant awards to include local, state and federal sources. Grant awards for fiscal year 2016 consist primarily of \$514,883 representing an award passed through the Georgia Department of Transportation for the Federal-Aid Highway Program, \$18,447 from the Georgia EMS Trauma grant program, donations for playground equipment to include \$20,000 from the Francis Wood Wilson Foundation and \$42,722 from the Hartwell Rotary Club, other civic clubs and private donations and \$19,392 from the Department of Natural Resources for a walking trail. Portions of grants not yet expended have been included in restricted cash.

CDBG Fund: The CDBG Fund, a major capital projects fund, had activity in fiscal year 2016 related mainly to two capital project grant awards for \$500,000 each for water and sewer improvement projects in different locations. The grants were awarded in fiscal year 2015 and construction began in the current fiscal year, but was not completed. Additional funds are expected to be drawn down in fiscal year 2017.

SPLOST #2 Fund (Special Purpose Local Option Sales Tax): The SPLOST #2 Fund, a major capital projects fund, had a \$262,393 fund balance decrease in fiscal year 2016 to reflect the completion of all projects. Fiscal year 2006 was the final year for this fund to collect sales tax revenues. The SPLOST #2 expenditures in fiscal year 2016 was primarily for the final payments to the City of Hartwell for water system improvements.

SPLOST #4 Fund: The SPLOST #4 Fund is also a major capital projects fund. In July 2012, the County began collecting revenue for the SPLOST #4 program. Total sales tax revenue collected in fiscal year 2016 was \$2,754,329. At the end of fiscal year 2016, this fund had \$1,633,091 in fund balance. The primary SPLOST #4 projects in fiscal year 2016 included roads repairs and improvements, water system capital improvements, industrial development projects, capital projects for the cities of Hartwell, Canon and Royston, fire protection equipment, and improvements to recreation facilities.

Insurance Premium Tax Fund: The Insurance Premium Tax Fund, a major special revenue fund, had a \$70,550 fund balance decrease in fiscal year 2016 from \$231,852 to \$161,302. Revenues in this fund increased by \$68,842 from the previous fiscal year. Expenditures increased by \$45,369 from the prior fiscal year, with expenditures exceeding revenues in both fiscal year 2016 and 2015. Expenditures in this fund are mainly for public safety (fire) and public works (road department).

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

EIP Fund (Employment Incentive Program): The EIP Fund is a major special revenue fund designed to offer low interest economic development loans to area businesses. There were no new loans made in fiscal year 2016. The EIP fund had an increase in fund balance of \$158,897 in fiscal year 2016 from \$384,122 to \$543,019. This increase is related to principal and interest collections on previous loans.

Other Nonmajor Governmental Funds: For fiscal year 2016, the nonmajor governmental funds reported combined ending fund balances of \$1,003,015, of which \$990,202 is restricted and \$12,813 is nonspendable.

PROPRIETARY FUNDS FINANCIAL ANALYSIS:

Hart County, Georgia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail, and are reported in the Statement of Net Position under business-type activities of the primary government.

Solid Waste Fund: The Solid Waste Fund is a major fund with operating revenues of \$1,150,585 in fiscal year 2016, as compared to \$1,030,092 in fiscal year 2015. Operating expenses of \$1,097,946 were recorded in fiscal year 2016, as compared to \$1,108,746 in fiscal year 2015.

Hart County Industrial Building Authority ("IBA"): Under Governmental Accounting Standards Board ("GASB") Statement No. 61, the County is required to report IBA as a blended component unit beginning in fiscal year 2013. IBA had operating revenues of \$19,980 and operating expenses of \$248,594 in fiscal year 2016, as compared to \$184,154 and \$202,536, respectively, in fiscal year 2015.

Joint Development Authority of Franklin, Hart and Stephens ("JDA"): Under GASB Statement No. 61, the County is required to report JDA as a blended component unit beginning in fiscal year 2014. JDA had operating revenues of \$25,860 and operating expenses of \$104,891 in fiscal year 2016, as compared to \$10,500 and \$88,556, respectively, in fiscal year 2015.

Hart County Water and Sewer Authority ("HCWSA"): Under GASB Statement No. 61, the County is required to report HCWSA as a blended component unit beginning in fiscal year 2014. HCWSA had operating revenues of \$1,248,968 and operating expenses of \$1,136,900 in fiscal year 2016, as compared to \$992,807 and \$958,883, respectively, in fiscal year 2015.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

CAPITAL ASSETS AND NONCURRENT LIABILITIES:

**Hart County, Georgia
Summary Schedules of Capital Assets, Net of Depreciation
September 30, 2016 and 2015
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,253	\$ 1,108	\$ 5,980	\$ 5,998	\$ 7,233	\$ 7,106
Construction in progress	945	266	1,696	3,353	2,641	3,619
Buildings	7,163	7,029	192	208	7,355	7,237
Machinery and equipment	2,413	2,554	287	296	2,700	2,850
Vehicles	2,723	2,567	32	40	2,755	2,607
Water and sewer lines Infrastructure	-	-	17,272	14,122	17,272	14,122
	28,807	29,688	3,498	3,583	32,305	33,271
Recreational upgrades	2,666	2,544	-	-	2,666	2,544
Total capital assets, net	<u>\$45,970</u>	<u>\$45,756</u>	<u>\$ 28,957</u>	<u>\$ 27,600</u>	<u>\$74,927</u>	<u>\$73,356</u>

Capital Assets: Hart County, Georgia's investment in capital assets at September 30, 2016 for the primary government amounted to \$74,926,723, net of accumulated depreciation, as compared to \$73,356,277 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 2.1% increase in capital assets for the current fiscal year was related to current year additions as described below, net of current year depreciation.

Major capital asset related events during the current fiscal year included the following:

- Recreation department projects and upgrades
- Walking trails
- Site improvements at Gateway Industrial Park
- Vehicles, including ambulance, fire, and police vehicles
- Machinery and equipment
- Various road widening and infrastructure projects
- Real property on Gibson Street, Hartwell, Georgia

Noncurrent Liabilities: Noncurrent liabilities of the primary government increased by \$221,962 during fiscal year 2016, mainly due to additional debt incurred by HCWSA to finance water improvement projects.

See the notes to the financial statements for additional details related to capital assets and noncurrent liabilities activity.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

ECONOMIC FORECAST:

Prior to the recent "great recession", Hart County suffered significant job losses due to the offshoring of lower skilled jobs. In response, the County refocused efforts on workforce development, education, and investment in infrastructure necessary for economic development. The unemployment rate in Hart County peaked at 14.4% in June 2009, but has been significantly reduced to 5.1% as of December 31, 2016.

Hart County has been a leader on workforce development for promoting a stronger economic future. Hart County was one of the first counties in the state of Georgia to be fully workforce ready certified under the WorkKeys program. The County has focused on education through partnerships with the Board of Education and technical colleges, and is only one of eight counties to have a direct partnership with the University of Georgia through their innovative Archway Partnership. Hart County's high school graduation rate has steadily increased over the last few years from 57% in 2005 to 92.4% in 2016, which far exceeds the state of Georgia graduation rate of 79.2%. In the fall of 2014, the voters approved a massive transformation of the high school with the planned construction of a new career academy. Construction on this project began in fiscal year 2015 and will open in fiscal year 2017.

Hart County has made significant investments in infrastructure for economic development including development of a 150 acre industrial park at Interstate 85 that has been so successful the County has tripled the size to 450 acres with over one mile of Interstate 85 road frontage. The County has focused on recruiting higher skilled jobs with a net result of manufacturing weekly wages increasing 25% over a five year period. Economic development efforts have secured approximately 4,000 jobs and hundreds of millions of dollars in new development.

The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the fiscal year 2017 budget.

(1) The overall tax digest has decreased from its peak in 2009 due to the collapse of the real estate market, but tax revenues have not been impacted significantly due to the revenue neutral millage calculation restrictions. In addition, the County has recently experienced an increase in the net digest value through new construction that is occurring in the County. These factors will result in a positive impact on property tax revenues through growth rather than an increased tax burden.

(2) Stable or slightly improving sales tax revenue is expected. As part of the refocused economic development effort, a focus on increasing tourism and commerce in Hart County has been a priority. This increase in tourism and commerce is expected to improve the sales tax revenues.

(3) Interest rates are expected to rise slightly in fiscal year 2017. The County focuses its cash reserves in stable interest bearing vehicles.

REQUESTS FOR INFORMATION:

The financial report is designed to provide a general overview of Hart County, Georgia's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Clerk, Hart County Board of Commissioners, 800 Chandler Street, Hartwell, Georgia 30643.

Basic Financial Statements

HART COUNTY, GEORGIA
STATEMENT OF NET POSITION
September 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,069,158	\$ 1,416,442	\$ 7,485,600	\$ 362,538
Receivables (net of allowance for uncollectibles)	2,138,730	261,394	2,400,124	14,426
Intergovernmental receivables	300,579	-	300,579	-
Inventory	114,996	40,651	155,647	-
Internal balances	6,566	(6,566)	-	-
Prepaid items	216,233	37,522	253,755	2,432
Current portion of restricted cash	1,003,355	32,642	1,035,997	30,732
Note receivables	444,039	-	444,039	-
Total current assets	10,293,656	1,782,085	12,075,741	410,128
Noncurrent assets				
Capital assets				
Non-depreciable	2,197,358	7,675,385	9,872,743	-
Depreciable, net	43,772,771	21,281,209	65,053,980	80,762
Restricted cash, less current portion	-	140,280	140,280	-
Total noncurrent assets	45,970,129	29,096,874	75,067,003	80,762
Total assets	56,263,785	30,878,959	87,142,744	490,890
DEFERRED OUTFLOWS OF RESOURCES				
Proportionate share of deferred pension outflows	-	-	-	81,686
Total deferred outflows of resources	-	-	-	81,686
Total assets and deferred outflows of resources	56,263,785	30,878,959	87,142,744	572,576
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
LIABILITIES				
Current liabilities				
Accounts payable	505,449	273,253	778,702	6,596
Other accrued items	75,170	34,183	109,353	-
Customer deposits	1,000	119,173	120,173	-
Compensated absences	430,644	480	431,124	18,323
Current portion of notes payable	-	521,091	521,091	-
Current portion of landfill postclosure costs	-	43,610	43,610	-
Total current liabilities	1,012,263	991,790	2,004,053	24,919
Noncurrent liabilities				
Compensated absences, less current portion	152,040	9,565	161,605	37,202
Net pension liability	-	-	-	560,999
Notes payable, less current portion	-	5,512,498	5,512,498	-
Landfill postclosure care costs, less current portion	-	121,408	121,408	-
Total noncurrent liabilities	152,040	5,643,471	5,795,511	598,201
Total liabilities	1,164,303	6,635,261	7,799,564	623,120
DEFERRED INFLOWS OF RESOURCES				
Proportionate share of deferred pension inflows	-	-	-	16,619
Total deferred inflows of resources	-	-	-	16,619
Total liabilities and deferred inflows of resources	1,164,303	6,635,261	7,799,564	639,739
NET POSITION				
Net investment in capital assets	45,970,129	22,773,881	68,744,010	80,762
Restricted for				
Public safety	277,659	-	277,659	-
Economic development	543,019	-	543,019	-
Health and welfare	811,065	-	811,065	-
Judicial	15,294	-	15,294	-
Recreation and culture	-	-	-	30,732
Housing and development	47,486	-	47,486	-
Capital projects	2,614,719	14,857	2,629,576	-
Debt service	-	159,765	159,765	-
Unrestricted	4,820,111	1,295,195	6,115,306	(178,657)
Total net position	\$55,099,482	\$24,243,698	\$79,343,180	\$ (67,163)

The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT			
Primary government:					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 1,817,257	\$ 76,983	\$ 48,391	\$ -	\$ (1,691,883)	\$ -	\$ (1,691,883)	\$ -
Judicial	1,074,288	775,414	-	-	(298,874)	-	(298,874)	-
Public health and welfare	418,073	127,198	53,385	-	(237,490)	-	(237,490)	-
Public safety	7,202,381	1,620,874	47,712	24,447	(5,509,348)	-	(5,509,348)	-
Public works	4,527,393	-	62,516	931,581	(3,533,296)	-	(3,533,296)	-
Recreation and culture	491,186	52,173	280	82,114	(356,619)	-	(356,619)	-
Housing and development	231,348	12,456	-	-	(218,892)	-	(218,892)	-
Total governmental activities	<u>15,761,926</u>	<u>2,665,098</u>	<u>212,284</u>	<u>1,038,142</u>	<u>(11,846,402)</u>	<u>-</u>	<u>(11,846,402)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,097,946	1,105,344	45,241	-	-	52,639	52,639	-
IBA	351,801	-	19,980	-	-	(331,821)	(331,821)	-
JDA	119,705	-	25,860	-	-	(93,845)	(93,845)	-
HCWSA	1,155,472	1,247,358	1,610	274,885	-	368,381	368,381	-
Total business-type activities	<u>2,724,924</u>	<u>2,352,702</u>	<u>92,691</u>	<u>274,885</u>	<u>-</u>	<u>(4,646)</u>	<u>(4,646)</u>	<u>-</u>
Total primary government	<u>\$ 18,486,850</u>	<u>\$ 5,017,800</u>	<u>\$ 304,975</u>	<u>\$ 1,313,027</u>	<u>\$ (11,846,402)</u>	<u>\$ (4,646)</u>	<u>\$ (11,851,048)</u>	<u>\$ -</u>
Component units	<u>\$ 898,442</u>	<u>\$ 242,993</u>	<u>\$ 650,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,215)</u>
General revenues								
Real and personal property taxes					5,691,771	-	5,691,771	-
Motor vehicle taxes and title fees					773,813	-	773,813	-
Sales taxes					4,778,796	-	4,778,796	-
Other taxes					1,071,386	-	1,071,386	-
Alcoholic beverage taxes					60,135	-	60,135	-
Investment earnings					36,248	2,304	38,552	837
Miscellaneous					33,316	-	33,316	-
Total general revenues					<u>12,445,465</u>	<u>2,304</u>	<u>12,447,769</u>	<u>837</u>
Transfers					(1,275,096)	1,249,965	(25,131)	-
Total general revenues and transfers					<u>11,170,369</u>	<u>1,252,269</u>	<u>12,422,638</u>	<u>837</u>
Change in net position					(676,033)	1,247,623	571,590	(4,378)
Net position, beginning of year					55,730,485	22,996,075	78,726,560	(102,642)
Prior period adjustment					45,030	-	45,030	39,857
Net position, end of year					<u>\$ 55,099,482</u>	<u>\$ 24,243,698</u>	<u>\$ 79,343,180</u>	<u>\$ (67,163)</u>

The accompanying notes are an integral part of these financial statements.

**HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016**

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #2	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
ASSETS									
Cash and cash equivalents	\$2,939,710	-	\$ 150	\$ -	\$1,597,380	\$ 263,975	\$ 517,212	\$ 750,731	\$ 6,069,158
Inventory	67,806	-	-	-	47,190	-	-	-	114,996
Receivables (net of allowance for uncollectibles)	1,771,648	420	-	-	-	-	26,547	340,115	2,138,730
Intergovernmental receivables	67,595	-	-	-	232,984	-	-	-	300,579
Due from other funds	101,509	92,000	-	-	-	-	-	-	193,509
Prepaid items	203,420	-	-	-	-	-	-	12,813	216,233
Restricted cash	-	1,003,355	-	-	-	-	-	-	1,003,355
Total assets	\$5,151,688	\$1,095,775	\$ 150	\$ -	\$1,877,554	\$ 263,975	\$ 543,759	\$1,103,659	\$ 10,036,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 179,119	\$ 167	\$ -	\$ -	\$ 244,463	\$ 74,144	740	\$ 6,816	\$ 505,449
Other accrued liabilities	72,816	-	-	-	-	1,056	-	1,298	75,170
Due to other funds	-	66,790	150	-	-	27,473	-	92,530	186,943
Customer deposits	1,000	-	-	-	-	-	-	-	1,000
Total liabilities	252,935	66,957	150	-	244,463	102,673	740	100,644	768,562
Deferred inflows of resources									
Unavailable revenue - property taxes	220,800	-	-	-	-	-	-	-	220,800
Total deferred inflows of resources	220,800	-	-	-	-	-	-	-	220,800
Fund balances									
Nonspendable inventory and prepaid items	271,226	-	-	-	47,190	-	-	12,813	331,229
Restricted for:									
Public safety	-	-	-	-	-	161,302	-	116,357	277,659
Economic development	-	-	-	-	-	-	543,019	-	543,019
Health and welfare	-	-	-	-	-	-	-	811,065	811,065
Judicial	-	-	-	-	-	-	-	15,294	15,294
Housing and development	-	-	-	-	-	-	-	47,486	47,486
Capital projects	-	1,028,818	-	-	1,585,901	-	-	-	2,614,719
Unassigned	4,406,727	-	-	-	-	-	-	-	4,406,727
Total fund balances	4,677,953	1,028,818	-	-	1,633,091	161,302	543,019	1,003,015	9,047,198
Total liabilities, deferred inflows of resources and fund balances	\$5,151,688	\$1,095,775	\$ 150	\$ -	\$1,877,554	\$ 263,975	\$ 543,759	\$1,103,659	\$ 10,036,560

The accompanying notes are an integral part of these financial statements.

**HART COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
For the Year Ended September 30, 2016**

Total fund balance of governmental funds **\$ 9,047,198**

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Certain long-term assets are not reported in the Balance Sheet of governmental funds because they are not available to pay current-period expenditures, but they are reported as assets in the Statement of Net Position.

Notes receivable	\$ 468,473	
Less 60-day collections reported as a receivable at the fund level	<u>(24,434)</u>	
		444,039

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. However, in the Statement of Net Position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. These assets consist of:

Land	1,252,595	
Construction in progress	944,763	
Buildings	9,909,826	
Machinery, equipment and other	5,412,745	
Vehicles	5,557,069	
Infrastructure	59,604,304	
Recreational upgrades	3,030,564	
Less: accumulated depreciation	<u>(39,741,737)</u>	
Total capital assets		45,970,129

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred inflows of resources in the governmental funds.

Unavailable revenue - property taxes		220,800
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Some liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Those liabilities consist of:

Compensated absences		<u>(582,684)</u>
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Net position of governmental activities		<u>\$ 55,099,482</u>
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HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #2	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
REVENUES									
Taxes	\$8,651,508	\$ -	\$ -	\$ -	\$2,754,329	\$1,028,050	\$ -	\$ -	\$ 12,433,887
Licenses and permits	61,164	-	-	-	-	-	-	-	61,164
Intergovernmental	216,910	552,722	370,242	-	-	-	-	-	1,139,874
Fines and forfeitures	677,234	-	-	-	-	-	-	93,239	770,473
Charges for services	1,206,865	-	-	-	-	-	-	494,848	1,701,713
Investment earnings	11,894	3,336	-	376	4,662	1,976	18,127	915	41,286
Contributions and donations	36,792	62,722	-	-	-	-	-	-	99,514
Miscellaneous	169,886	-	-	-	-	-	144,941	1,178	316,005
Total revenues	11,032,253	618,780	370,242	376	2,758,991	1,030,026	163,068	590,180	16,563,916
EXPENDITURES									
Current									
General government	1,718,916	-	-	-	-	54,027	-	-	1,772,943
Judicial	1,064,171	-	-	-	-	-	-	6,754	1,070,925
Health and welfare	407,674	-	-	-	-	-	-	369,725	777,399
Public safety	5,894,935	18,447	-	-	55,269	446,467	-	572,693	6,987,811
Public works	1,199,079	-	-	1,462	9,159	600,082	-	-	1,809,782
Recreation and culture	396,859	-	-	-	6,418	-	-	-	403,277
Housing and development	190,696	-	-	-	743	-	4,171	2,598	198,208
Intergovernmental	-	-	43,194	261,307	447,545	-	-	-	752,046
Capital outlay	-	662,038	-	-	1,546,044	-	-	-	2,208,082
Total expenditures	10,872,330	680,485	43,194	262,769	2,065,178	1,100,576	4,171	951,770	15,980,473
Excess (deficiency) of revenues over (under) expenditures	159,923	(61,705)	327,048	(262,393)	693,813	(70,550)	158,897	(361,590)	583,443
OTHER FINANCING SOURCES									
Transfers out	(315,655)	-	(327,048)	-	(732,393)	-	-	(92,000)	(1,467,096)
Transfers in	-	92,000	-	-	-	-	-	100,000	192,000
Total other financing sources (uses)	(315,655)	92,000	(327,048)	-	(732,393)	-	-	8,000	(1,275,096)
Net change in fund balances	(155,732)	30,295	-	(262,393)	(38,580)	(70,550)	158,897	(353,590)	(691,653)
Prior period adjustment	-	-	-	-	-	-	-	45,030	45,030
Fund balances, beginning of year	4,833,685	998,523	-	262,393	1,671,671	231,852	384,122	1,311,575	9,693,821
Fund balances, end of year	\$4,677,953	\$1,028,818	\$ -	\$ -	\$1,633,091	\$ 161,302	\$ 543,019	\$1,003,015	\$ 9,047,198

The accompanying notes are an integral part of these financial statements.

HART COUNTY, 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 September 30, 2016

Net changes in fund balances of governmental funds: **\$ (691,653)**

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

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. Following is the amount by which the current year depreciation and losses on disposals of capital assets reported in the Statement of Activities exceed the net capital outlays reported in the governmental funds for the current fiscal year.

Expenditures for capital assets	\$ 2,817,407	
Depreciation expense	(2,583,051)	
Disposal of capital assets	<u>(20,300)</u>	
Excess of capital outlay over depreciation expense		214,056

Proceeds received from contractual note receivable obligations, offset by new notes receivable issued, are recorded as revenue in the governmental funds but have no effect on net position in the Statement of Activities.

Payments received		(144,941)
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Compensated absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Liability @ 9/30/16	(582,684)	
Liability @ 9/30/15	<u>587,175</u>	4,491

Certain revenues will not be collected for several months after the County's fiscal year end, therefore they are not considered current financial resources and are not reported as revenues in the governmental funds.

Deferred revenue at 9/30/16	220,800	
Deferred revenue at 9/30/15	<u>(278,786)</u>	
Total decrease in deferred revenue		<u>(57,986)</u>

Change in net position of governmental activities		<u>\$ (676,033)</u>
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The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 377,610	\$ 187,733	\$ 45,333	\$ 805,766	\$ 1,416,442
Receivables (net of allowance for uncollectibles)	111,834	9,387	1,710	138,463	261,394
Due from General Fund	-	-	-	-	-
Inventory	40,651	-	-	-	40,651
Prepaid items	-	22,453	294	14,775	37,522
Current portion of restricted cash	-	-	27,420	5,222	32,642
Total current assets	<u>530,095</u>	<u>219,573</u>	<u>74,757</u>	<u>964,226</u>	<u>1,788,651</u>
Noncurrent assets					
Capital assets, non-depreciable					
Land	-	4,600,496	1,309,359	69,649	5,979,504
Construction in progress	-	-	-	1,695,881	1,695,881
Total non-depreciable capital assets at cost	<u>-</u>	<u>4,600,496</u>	<u>1,309,359</u>	<u>1,765,530</u>	<u>7,675,385</u>
Capital assets, depreciable					
Buildings	252,685	-	-	-	252,685
Machinery, equipment and other	596,992	7,734	31,374	85,119	721,219
Vehicles	113,180	-	-	-	113,180
Water and sewer lines	-	-	-	20,451,224	20,451,224
Infrastructure	-	-	4,230,343	-	4,230,343
Less: accumulated depreciation	(483,830)	(5,414)	(749,936)	(3,248,262)	(4,487,442)
Total depreciable capital assets, net	<u>479,027</u>	<u>2,320</u>	<u>3,511,781</u>	<u>17,288,081</u>	<u>21,281,209</u>
Restricted cash, less current portion	-	140,280	-	-	140,280
Total noncurrent assets	<u>479,027</u>	<u>4,743,096</u>	<u>4,821,140</u>	<u>19,053,611</u>	<u>29,096,874</u>
Total assets	<u>1,009,122</u>	<u>4,962,669</u>	<u>4,895,897</u>	<u>20,017,837</u>	<u>30,885,525</u>
LIABILITIES					
Current liabilities					
Accounts payable	53,057	1,986	1,059	217,151	273,253
Other accrued liabilities	1,740	7,027	21,113	4,303	34,183
Due to other funds	6,566	-	-	-	6,566
Customer deposits	-	-	-	119,173	119,173
Compensated absences	-	-	-	480	480
Current portion of notes payable	-	128,012	39,388	353,691	521,091
Current portion of landfill postclosure care costs	43,610	-	-	-	43,610
Total current liabilities	<u>104,973</u>	<u>137,025</u>	<u>61,560</u>	<u>694,798</u>	<u>998,356</u>
Noncurrent liabilities					
Compensated absences, less current portion	8,716	-	-	849	9,565
Notes payable, less current portion	-	2,945,734	498,244	2,068,520	5,512,498
Landfill postclosure care costs, less current portion	121,408	-	-	-	121,408
Total noncurrent liabilities	<u>130,124</u>	<u>2,945,734</u>	<u>498,244</u>	<u>2,069,369</u>	<u>5,643,471</u>
Total liabilities	<u>235,097</u>	<u>3,082,759</u>	<u>559,804</u>	<u>2,764,167</u>	<u>6,641,827</u>
NET POSITION					
Net investment in capital assets	479,027	1,522,043	4,283,508	16,489,303	22,773,881
Restricted	-	-	-	-	-
Capital projects	-	-	14,857	-	14,857
Debt service	-	140,280	14,263	5,222	159,765
Unrestricted	294,998	217,587	23,465	759,145	1,295,195
Total net position	<u>\$ 774,025</u>	<u>\$ 1,879,910</u>	<u>\$ 4,336,093</u>	<u>\$ 17,253,670</u>	<u>\$ 24,243,698</u>

The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
OPERATING REVENUES					
Intergovernmental	\$ 45,241	\$ -	\$ 7,000	\$ -	\$ 52,241
Charges for services	1,105,344	-	-	1,247,358	2,352,702
Other operating revenues	-	19,980	18,860	1,610	40,450
Total operating revenues	<u>1,150,585</u>	<u>19,980</u>	<u>25,860</u>	<u>1,248,968</u>	<u>2,445,393</u>
OPERATING EXPENSES					
Personnel services	397,381	132,004	-	65,134	594,519
Professional services	803	11,015	6,688	50,361	68,867
Purchased property services	7,492	2,776	6,844	60,892	78,004
Other purchased services	603,273	19,981	3,586	112,018	738,858
Supplies and other	57,792	82,431	1,248	456,940	598,411
Depreciation	31,205	387	86,525	391,555	509,672
Total operating expenses	<u>1,097,946</u>	<u>248,594</u>	<u>104,891</u>	<u>1,136,900</u>	<u>2,588,331</u>
Operating income (loss)	<u>52,639</u>	<u>(228,614)</u>	<u>(79,031)</u>	<u>112,068</u>	<u>(142,938)</u>
NON-OPERATING REVENUES (EXPENSES)					
Capital grants	-	-	-	274,885	274,885
Interest expense	-	(103,207)	(14,814)	(18,572)	(136,593)
Investment earnings	1,062	537	22	683	2,304
Total non-operating revenues (expenses)	<u>1,062</u>	<u>(102,670)</u>	<u>(14,792)</u>	<u>256,996</u>	<u>140,596</u>
Change in net position before transfers	53,701	(331,284)	(93,823)	369,064	(2,342)
Transfers in	-	416,829	46,164	786,972	1,249,965
Transfers out	-	-	-	-	-
Change in net position	53,701	85,545	(47,659)	1,156,036	1,247,623
Net position, beginning of year	720,324	1,794,365	4,383,752	16,097,634	22,996,075
Net position, end of year	<u>\$ 774,025</u>	<u>\$ 1,879,910</u>	<u>\$ 4,336,093</u>	<u>\$ 17,253,670</u>	<u>\$ 24,243,698</u>

The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
Cash flows from operating activities:					
Cash received from customers	\$ 1,070,121	\$ 18,480	\$ 18,850	\$ 1,231,286	\$ 2,338,737
Other operating receipts	45,241	1,500	7,000	1,610	55,351
Cash payments to suppliers for goods and services	(725,899)	(212,736)	(17,777)	(647,311)	(1,603,723)
Cash payments to employees for services	(411,423)	-	-	(71,762)	(483,185)
Net cash provided by (used in) operating activities	<u>(21,960)</u>	<u>(192,756)</u>	<u>8,073</u>	<u>513,823</u>	<u>307,180</u>
Cash flows from non-capital financing activities:					
Transfers in for operations	-	162,125	4,775	-	166,900
Net cash provided by non-capital financing activities	<u>-</u>	<u>162,125</u>	<u>4,775</u>	<u>-</u>	<u>166,900</u>
Cash flows from capital and related financing activities:					
Decrease in landfill closure/postclosure care costs	(43,610)	-	-	-	(43,610)
Principal paid on notes payable	-	(126,984)	(43,547)	(351,927)	(522,458)
Interest paid on notes payable	-	(103,296)	(14,892)	(17,558)	(135,746)
Proceeds from new bank loans	-	-	-	824,656	824,656
Transfers in for capital assets	-	-	-	712,080	712,080
Transfers in for capital debt service	-	212,745	39,689	351,927	604,361
Acquisition and construction of capital assets	-	-	-	(1,954,615)	(1,954,615)
Net cash provided by (used in) capital and related financing activities	<u>(43,610)</u>	<u>(17,535)</u>	<u>(18,750)</u>	<u>(435,437)</u>	<u>(515,332)</u>
Cash flows from investing activities:					
Interest received on investments	1,062	546	22	683	2,313
Net cash provided by (used in) investing activities	<u>1,062</u>	<u>546</u>	<u>22</u>	<u>683</u>	<u>2,313</u>
Net increase (decrease) in cash and cash equivalents	(64,508)	(47,620)	(5,880)	79,069	(38,939)
Cash and cash equivalents, beginning of year	442,118	375,633	78,633	731,919	1,628,303
Cash and cash equivalents, end of year	<u>\$ 377,610</u>	<u>\$ 328,013</u>	<u>\$ 72,753</u>	<u>\$ 810,988</u>	<u>\$ 1,589,364</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 52,639	\$ (228,614)	\$ (79,031)	\$ 112,068	\$ (142,938)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	31,205	387	86,525	391,555	509,672
In-kind contributions	-	41,959	-	-	41,959
Timber basis allocation	-	18,480	-	-	18,480
Decrease (increase) in accounts receivable for operations	(35,223)	(1,959)	(1,710)	(16,079)	(54,971)
Decrease (increase) in inventory	(1,870)	-	-	-	(1,870)
Decrease (increase) in prepaid expenses	-	(18,384)	6	(5,016)	(23,394)
Increase (decrease) in accounts payable for operations	(59,238)	(4,625)	583	24,315	(38,965)
Increase (decrease) in due to other funds	4,569	-	-	-	4,569
Increase (decrease) in compensated absences	(15,782)	-	-	(6,636)	(22,418)
Increase (decrease) in other accrued expenses	1,740	-	-	(362)	1,378
Increase (decrease) in customer water deposits	-	-	-	13,978	13,978
Total adjustments	<u>(74,599)</u>	<u>35,858</u>	<u>85,404</u>	<u>401,755</u>	<u>448,418</u>
Net cash provided by (used in) operating activities	<u>\$ (21,960)</u>	<u>\$ (192,756)</u>	<u>\$ 6,373</u>	<u>\$ 513,823</u>	<u>\$ 305,480</u>
Reconciliation of cash and cash equivalents to proprietary funds Statement of Net Position:					
Cash and cash equivalents per Statement of Cash Flows	\$ 377,610	\$ 328,013	\$ 72,753	\$ 810,988	\$ 1,589,364
Current portion of restricted cash	-	-	(27,420)	(5,222)	(32,642)
Restricted cash, less current portion	-	(140,280)	-	-	(140,280)
Cash and cash equivalents per Statement of Net Position	<u>\$ 377,610</u>	<u>\$ 187,733</u>	<u>\$ 45,333</u>	<u>\$ 805,766</u>	<u>\$ 1,416,442</u>

The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2016

	<u>Agency Funds Total</u>
ASSETS	
Cash	\$ 867,160
Taxes receivable	<u>914,021</u>
Total assets	<u><u>\$ 1,781,181</u></u>
LIABILITIES	
Due to others	<u>\$ 1,781,181</u>
Total liabilities	<u><u>\$ 1,781,181</u></u>

The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2016

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 109,177	\$ 253,361	\$ 362,538
Receivables (net of allowance for uncollectibles)	4,988	9,438	14,426
Prepaid items	2,432	-	2,432
Restricted cash and investments	30,732	-	30,732
Capital assets			
Machinery, equipment, and other	127,482	9,881	137,363
Books and collections	423,013	-	423,013
Less: accumulated depreciation	(471,709)	(7,905)	(479,614)
Capital assets, net of depreciation	<u>78,786</u>	<u>1,976</u>	<u>80,762</u>
Deferred outflows of resources			
Proportionate share of deferred pension outflows	<u>50,371</u>	<u>31,315</u>	<u>81,686</u>
Total deferred outflows of resources	<u>50,371</u>	<u>31,315</u>	<u>81,686</u>
Total assets and deferred outflows of resources	<u>276,486</u>	<u>296,090</u>	<u>572,576</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	3,852	2,744	6,596
Compensated absences due within one year	-	18,323	18,323
Non-current liabilities			
Compensated absences due after one year	-	37,202	37,202
Net pension liability	178,425	382,574	560,999
Deferred inflows of resources			
Proportionate share of deferred pension inflows	<u>16,619</u>	<u>-</u>	<u>16,619</u>
Total deferred outflows of resources	<u>16,619</u>	<u>-</u>	<u>16,619</u>
Total liabilities and deferred inflows of resources	<u>198,896</u>	<u>440,843</u>	<u>639,739</u>
NET POSITION			
Investment in capital assets	78,786	1,976	80,762
Restricted for			
Children's reading books	30,732	-	30,732
Unrestricted	<u>(31,928)</u>	<u>(146,729)</u>	<u>(178,657)</u>
Total net position	<u>\$ 77,590</u>	<u>\$ (144,753)</u>	<u>\$ (67,163)</u>

Note: The Library and the Health Department have a June 30 year end.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2016

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
Expenses			
Public health and welfare	\$ -	\$ 603,103	\$ 603,103
Recreation and culture	295,934	-	295,934
Total expenses	<u>295,934</u>	<u>603,103</u>	<u>899,037</u>
Program revenues			
Charges for services	14,595	228,398	242,993
Operating grants and contributions	263,689	386,545	650,234
Total program revenues	<u>278,284</u>	<u>614,943</u>	<u>893,227</u>
Net (expense) revenue	<u>(17,650)</u>	<u>11,840</u>	<u>(5,810)</u>
General revenues			
Investment earnings	837	-	837
Miscellaneous and other	595	-	595
Total general revenues	<u>1,432</u>	<u>-</u>	<u>1,432</u>
Change in net position	(16,218)	11,840	(4,378)
Net position, beginning	93,808	(196,450)	(102,642)
Prior period adjustment	-	39,857	39,857
Net position, ending	<u>\$ 77,590</u>	<u>\$ (144,753)</u>	<u>\$ (67,163)</u>

Note: The Library and the Health Department have a June 30 year end.

Notes to the Financial Statements

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hart County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

(A) Reporting Entity

Hart County, Georgia was established in 1853 by the Georgia General Assembly under Georgia state law. The County is governed by a five member Board of Commissioners ("BOC") who serve on a part-time basis and are elected to staggered four-year terms. The BOC appoints a County Administrator who is responsible for the daily operations of the government. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected by the public in countywide elections. The BOC approves budgets and all funding used by the separate Constitutional Officers. The County provides the following programs and services for the citizens of Hart County: judicial, public safety (police and fire), public works, planning and zoning, health and welfare, recreation and culture, community and economic development, environmental, employment and training, solid waste and recycling, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with GAAP, as set forth by GASB Statement 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34," the component units' financial statements have been included as blended or discretely presented component units. Blended component units, although legally separate entities, are in substance part of the County's operations so financial data from these units are combined with the financial data of the primary government. Management of the County has operational responsibility for the blended component units. Discretely presented component units are reported separately in the financial statements to emphasize they are legally separate from the County and are reported in a separate column in the government-wide financial statements.

Blended Component Units:

Hart County Industrial Building Authority

The Hart County Industrial Building Authority (the "IBA") was created in 1963 to encourage and promote the expansion and development of industrial and commercial facilities in Hart County, Georgia, so as to relieve possible unemployment within its boundaries. IBA has five board members: the Chairman of the Hart County Board of Commissioners, the Mayor of the City of Hartwell, the President of the Hart County Chamber of Commerce, and two members appointed for five year terms by the other three members. IBA is dependent upon the County for funding its long-term obligations. IBA has a December 31 year-end, and the financial statements included herein are as of and for the year ended December 31, 2015. Complete financial statements for the IBA can be obtained from the Hart County Industrial Building Authority, P.O. Box 156, Hartwell, Georgia 30643.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Blended Component Units (Continued):

Joint Development Authority of Franklin, Hart and Stephens Counties

The Joint Development Authority of Franklin, Hart and Stephens Counties (the "JDA") is a public body corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. JDA has been authorized by the General Assembly of Georgia and has been created and activated by concurrent resolutions of the Boards of Commissioners of said counties duly filed with the Secretary of State of Georgia as a joint development authority under O.C.G.A. 36-62.5.1. The purpose of JDA is to promote the economic development of the geographical areas of its operation, encourage cooperation among economic development organizations within the area of the participating counties and to exercise all the powers granted to a development authority pursuant to the provisions of O.C.G.A. 36-62-1 et seq. JDA has received a substantial amount of its funding from Hart County. Under GASB Statement 61, the County is required to report JDA as a blended component unit due to the County's guarantee of debt issued to JDA. JDA has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2016. Complete financial statements of JDA can be obtained from the Joint Development Authority of Franklin, Hart and Stephens Counties, P.O. Box 793, Hartwell, Georgia 30643.

Hart County Water and Sewer Authority

The Hart County Water and Sewer Authority (the "HCWSA") was created by House Bill No. 2141 of the Georgia Assembly on March 30, 1993 and become active during the fiscal year ended September 30, 2001. HCWSA is governed by a five member HCWSA Board appointed by the County Board of Commissioners for four year terms. HCWSA is the basic level of government which has oversight responsibility and control over all activities related to water and sewerage systems in Hart County, Georgia. HCWSA receives most of its operating revenues from sales of water service and connection fees. HCWSA pays for capital outlay (water lines) with funds passed through from Hart County's Special Purpose Local Option Sales Tax funds ("SPLOST") and other governmental grants. HCWSA is included as a component unit because the Hart County Board of Commissioners appoints all members of HCWSA's Board and can, therefore, impose its will upon HCWSA. Under GASB Statement 61, the County is required to report HCWSA as a blended component unit due to the County's guarantee of debt issued to HCWSA. Complete financial statements of HCWSA can be obtained from its administrative offices at 200 Arthur Street, Hartwell Georgia 30643.

Discretely Presented Component Units:

Hart County Health Department

The Hart County Health Department (the "Health Department") serves all citizens of Hart County and operates as one of 18 county health departments under the Georgia Department of Public Health. The Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The Health Department is responsible for the overall coordination of local health activities in Hart County, Georgia to include immunizations, communicable diseases, children and women's health, and environmental health, unless a matter falls under the jurisdiction of other agencies. The Health Department is governed by the County Board of Health, a seven member board of which a voting majority is appointed by the County and includes at least one member of the Hart County Board of Commissioners. The Health Department is funded by the state of Georgia and the County under the Grant-in-Aid provisions. The Hart County Board of Commissioners approves the Health Department's budget. The Health Department has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2016. Complete financial statements of the Health Department can be obtained from its administrative offices at 64 Reynolds Street, Hartwell, Georgia 30643.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Discretely Presented Component Units (Continued):

Hart County Library

The Hart County Library (the "Library") serves all citizens of Hart County and operates pursuant to Official Code of Georgia Annotated Sections 20-5-40 through 20-5-59 to provide public library services with costs shared by participating local governmental agencies and grants from the state of Georgia. The Library Board consists of seven members appointed jointly by the Hart County Board of Commissioners, the Hartwell City Council and the Hart County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the state of Georgia for state and federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Library Board has the power to designate management, the power to retain unreserved fund balances of local and other funds for continued operations and is the lowest level of oversight responsibility for the Library's operations. The Hart County Board of Commissioners provides a substantial amount of financial support for the operations of the Library. The Library has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2016. Complete financial statements of the Library can be obtained from its administrative offices at 150 Benson Street, Hartwell, Georgia 30643.

(B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while business-type incorporates data from the County's enterprise funds.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider are met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Under the terms of grant agreements, the County funds certain programs by specific grants, resources and/or general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted components of net position available to finance the program. It is the County's policy to first apply grant resources to such programs and then general revenues.

The fund financial statements provide information about the County's funds, including its blended component units and fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in a column in the fund financial statements and detailed in the combining section of this report. GASB Statement 34 sets forth minimum standards for the determination of major funds. The County has used this minimum criteria for major fund determination.

Governmental Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, intergovernmental revenues, licenses, and investment income associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year, if available. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this source. All other revenue items are considered to be measurable and available only when cash is received by the County.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued):

Special revenue funds are a type of governmental fund used to account for the proceeds of specific revenue sources that are legally or donor restricted to be expended for specified purposes.

Capital projects funds are a type of governmental fund used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

The County reports the following major governmental funds:

General Fund: The General Fund is the County's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are real and personal property taxes and federal and state grants. The primary expenditures are for human services, public safety, environmental, cultural and recreation services, community and economic development, and general governmental services.

Multiple Grant Fund (special revenue fund): The Multiple Grant Fund consists of activity related to various grant awards to include local, state and federal grants for improvements such as road resurfacing and road striping. This fund includes both capital projects and special revenue projects, depending on the requirements of the grant.

CDBG Fund (capital projects fund): The CDBG Fund accounts for the activity related to grant awards for water and sewer improvement projects.

SPLOST #2 Fund (capital projects fund): The SPLOST #2 Fund accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2000. Resources are to be used for infrastructure, industrial development, recreation, fire protection and other capital outlay projects.

SPLOST #4 Fund (capital projects fund): The SPLOST #4 Fund accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2010. Resources are to be used for infrastructure, industrial development, recreation, fire protection and other capital outlay projects.

Insurance Premium Tax Fund (special revenue fund): The Insurance Premium Tax Fund accounts for the collection of the premium tax placed on insurance companies. This tax is collected at the state level and then distributed for use to the various counties in the state. The primary expenditures in this fund are for fire protection in the County and personnel expenditures for highways and streets.

EIP Fund (special revenue fund): The EIP Fund accounts for the activities of the revolving loans to assist employers in Hart County in creating and/or retaining permanent jobs.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements:

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. These funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of those goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major proprietary funds:

Solid Waste Fund: The Solid Waste Fund is a business-type enterprise fund consisting of the activities of the County's solid waste disposal and recycling programs.

Hart County Industrial Building Authority: IBA is a blended component unit treated as an enterprise fund consisting of activities to encourage and promote the expansion and development of industrial and commercial facilities in Hart County, Georgia, so as to relieve possible unemployment within its boundaries.

Joint Development Authority of Franklin, Hart and Stephens Counties: JDA is a blended component unit treated as an enterprise fund consisting of activities to promote the economic development of the geographical areas of its operation and encourage cooperation among economic development organizations within the area of the participating counties.

Hart County Water and Sewer Authority: HCWSA is a blended component unit treated as a business-type enterprise fund consisting of activities related to providing water and sewer service to residents of Hart County, Georgia.

Fiduciary Fund Financial Statements:

Fiduciary funds are used to account for assets held by the County as an agent for others and therefore are not available to support County programs. The fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. The County maintains five agency funds, which are custodial in nature, and account for the receipts and disbursements of funds by the Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, and Sheriff.

(D) Budgetary Data Control

The BOC adopts an annual budget ordinance using the modified basis of accounting for all governmental and proprietary funds. The budget for the proprietary fund is for management control purposes and is not required to be reported. All capital projects funds are budgeted under project ordinances spanning more than one fiscal year and are controlled by project. Project appropriations continue until the projects are complete.

The County does not use the encumbrance system of accounting.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Deposits and Investments

The County and discretely presented component units' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Georgia statutes authorize the County to invest in the following:

1. Obligations of the state of Georgia or any other state
2. Obligations of the United States of America ("U.S.")
3. Obligations fully insured or guaranteed by the U.S. government or one of its agencies
4. Obligations of any corporation of the U.S. government
5. Prime bankers' acceptances
6. The state of Georgia local government investment pool (i.e., Georgia Fund 1)
7. Repurchase agreements
8. Obligations of other political subdivisions of the state of Georgia

Any investment or deposit in excess of the federal depository insured amount must be 100% collateralized by state or U.S. obligations.

All investments are recorded at cost, which approximates market value.

(F) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year, as well as all other outstanding balances between funds, are reported as "due to/from other funds". Amounts are expected to be repaid within one fiscal year. In the government-wide financial statements, certain eliminations are made. Balances between the funds are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

(G) Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Accounts receivable comprise the majority of the proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends, the periodic aging of accounts receivable and management's evaluation of the current status of existing receivables.

The major receivables for the County consist of property taxes receivable and receivables for the County's Emergency Medical Services department. Real and personal property taxes are levied after acceptance of the County's tax digest by the Georgia Department of Revenue. Property taxes for 2015, other than vehicles, were levied and mailed on November 11, 2015. The taxes were based on January 1, 2015 assessed values and were due on February 20, 2016, after which date liens can be attached. Motor vehicle taxes are assessed January 1, based on values on January 1; due dates are based on the birth date of the registered owner. A 10% late penalty and interest at a rate of 1% per month is assessed on taxes paid late.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) Receivables (Continued)

The County bills and collects its own property taxes and also collects various taxes for the Hart County Board of Education and the state of Georgia. Collection of the County's taxes and for the other government agencies is the responsibility of the Tax Commissioner's office, which is accounted for as an agency fund. County property tax revenues are recognized when levied to the extent they result in current receivables. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the General Fund.

(H) Inventories and Prepaid Expenditures

Inventories are valued at cost, using the weighted average method. The inventories of the General Fund consist of expendable supplies and are recorded as expenditures when consumed. Reported General Fund inventory is equally offset by a reservation of fund balance which indicates that it does not constitute an "available spendable resource" even though it is a component of current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(I) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement 34 required the County to report and depreciate new infrastructure assets effective with the fiscal year ended September 30, 2003. Infrastructure assets are among the largest asset classes of the County. Prior to that time, neither the historical costs, nor related depreciation, of these assets had been reported in the financial statements. The County implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended September 30, 2007.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The County defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than one year. The County's capitalization threshold for infrastructure assets is \$50,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated except for land and construction in progress. Useful lives for infrastructure are estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 to 80 years
Machinery, equipment and other	5 to 30 years
Vehicles	10 to 30 years
Books and collections	4 to 17 years
Infrastructure	30 to 50 years
Recreational upgrades	50 to 50 years
Water line	15 to 50 years
Improvements	20 to 80 years

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) Unearned Revenue

Unearned revenue arises at the governmental and proprietary fund level and at the government-wide level when resources are received by the County before it has a legal claim to them. In subsequent periods, when the County has a legal claim to the resources, the liability for unearned revenue is removed from the Balance Sheet or Statement of Net Position and revenue is recognized.

(K) Compensated Absences

The vacation policy of the County provides for the accumulation of up to one week of earned but unused vacation leave for employees who earn at least three weeks of vacation per year with such leave being fully vested when earned. The County's sick leave policy provides for an unlimited accumulated of earned sick leave. Sick leave is fully vested when earned and employees will be compensated at their final rate of pay for the unused sick leave upon leaving the County's employment. The liability for accumulated unpaid benefits has been accrued in the proprietary funds and the government-wide Statement of Net Position as compensated absences. These amounts are not considered a current liability within the governmental fund type Balance Sheet since they will be paid from appropriations of subsequent years.

(L) Noncurrent Liabilities

In the government-wide financial statements and the proprietary fund financial statements, leases payable, long-term debt and other noncurrent obligations are reported as a liability in the applicable governmental activities or proprietary fund type Statement of Net Position.

(M) Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will report a separate section for deferred outflows of resources when applicable. This separate section, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended September 30, 2016, the County did not have any items that qualify for reporting in this category, excluding blended component units.

In addition to liabilities, the Balance Sheet and Statement of Net Position will report a separate section for deferred inflows of resources when applicable. This separate section, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Excluding blended component units, the County has only one type of item, arising only under a modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes not received within 60 days after year end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

(N) 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".

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Fund Balance

Generally, fund balance represents the difference between the totals of assets plus deferred outflows of resources and liabilities plus deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balances are classified as follows:

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

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use through enabling legislation adopted by the County 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 BOC through the adoption of a resolution. The BOC also may modify or rescind the commitment.

Assigned: Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed by formal action of the BOC. The BOC is responsible for assigning fund balance.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund.

Fund Balance Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: (1st) committed, (2nd) assigned, (3rd) unassigned.

Net Position

Net position represents the difference between all other elements in a Statement of Net Position and is displayed in three components – (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

1. The net investment in capital assets component consists of capital assets, including construction in progress on capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Net Position (Continued)

2. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted funds reported. Assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
3. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Net Position Flow Assumption - Sometimes the County will fund outlays for a particular purpose from both restricted (i.e., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(O) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(P) Subsequent Events

Subsequent events have been evaluated by management through June 8, 2017, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

In the beginning of the budget process, all departments and applicable component units of the government submit requests for appropriations to the County Administrator so that a budget may be prepared. The budget is prepared by fund, function, activity and line item, and includes information on the prior year, current year estimates and requested appropriations for the upcoming fiscal year.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The proposed budget is then presented to the Hart County Board of Commissioners ("BOC") for review. The BOC holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the County Administrator or the revenue estimates must be changed by an affirmative vote of a majority of the Commissioners on the BOC.

The appropriated budget is prepared by fund, function and department and is adopted on a basis consistent with GAAP. Increases in appropriations for a department require the approval of the BOC. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department level within individual funds.

For the year ended September 30, 2016, the BOC authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain functional expenditures.

NOTE 3 - FINANCIAL ASSISTANCE TO DISCRETELY PRESENTED COMPONENT UNITS

The primary government of Hart County, Georgia contributed the following amounts to discretely presented component units for operations:

<u>Discretely Presented Component Unit</u>	<u>Amount of Assistance</u>
Hart County Library	\$ 77,000
Hart County Health Department	<u>80,000</u>
Total financial assistance to discretely presented component units	\$ <u>157,000</u>

NOTE 4 - DEPOSITS AND INVESTMENT RISK

Deposits - The amount of the total bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the County or by its agent in the County's name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and, 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

The County's deposits are classified as follows at September 30, 2016:

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary government	\$ 1,460,558	\$ 7,596,003	\$ -	\$ 9,056,561	\$ 8,661,877
Discretely presented component units:					
Hart County Library	\$ 64,082	\$ 47,976	\$ -	\$ 112,058	\$ 109,177
Hart County Health Department	250,000	13,765	-	263,765	253,361
Total discretely presented component units	<u>314,082</u>	<u>61,741</u>	<u>-</u>	<u>375,823</u>	<u>362,538</u>
Total deposits	<u>\$ 1,774,640</u>	<u>\$ 7,657,744</u>	<u>\$ -</u>	<u>\$ 9,432,384</u>	<u>\$ 9,024,415</u>

Primary Government Cash and Cash Equivalents Reconciliation:

<u>Primary Government Fund Reporting Level</u>	<u>Cash and Cash Equivalents</u>
Governmental funds – Balance Sheet	\$ 6,069,158
Governmental funds – Balance Sheet (restricted)	1,003,355
Proprietary funds – Statement of Net Position	1,416,442
Proprietary funds – Statement of Net Position (restricted)	<u>172,922</u>
Total cash and cash equivalents	<u>\$ 8,661,877</u>

Credit Risk

State statutes authorize the County to invest in obligations of the state of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the state of Georgia. The County has no investment policy that would further limit its investment choices.

Of the \$8,661,877 carrying amount of cash and cash equivalents for the primary government, \$6,874,446 is invested in the Local Government Investment Pool "Georgia Fund 1".

Georgia Fund 1 (the "pool") was created by O.C.G.A. 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7-like pool. Georgia Fund 1 is managed by the Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification, while maintaining principal (\$1 per share value).

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

Credit Risk (Continued)

Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. Funds included in this pool are not required to be collateralized. Total investments in Georgia Fund 1 as of September 30, 2016 are:

Georgia Fund I	AAAf rated by Standard & Poor's	\$ 6,874,446	42 day WAM
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On May 13, 2013, the Hart County Library, a discretely presented component unit, invested restricted funds of \$30,000 in a single premium deferred annuity contract through an insurance company with an A.M. Best rating of "A" (excellent). As of June 30, 2016, the balance in the annuity was \$30,732. The amount invested in the annuity contract approximates fair value. The annuity contract does not comply with Georgia law for investment of funds.

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County has no formal policy, but follows state of Georgia requirements that all deposits be federally insured or fully collateralized. At September 30, 2016, all deposits of the County were adequately insured or collateralized.

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – RECEIVABLES

Receivables are recorded in the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 5 – RECEIVABLES (CONTINUED)

Receivables at September 30, 2016 for the County's individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>SPLOST #4</u>	<u>EIP Fund</u>	<u>Multiple Grant</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
Receivables:						
Property taxes	\$ 254,789	\$ -	\$ -	\$ -	\$ -	\$ 254,789
Accounts receivable	2,397,627	-	26,547	420	340,115	2,764,709
Intergovernmental	67,595	232,984	-	-	-	300,579
Total receivables, gross	<u>2,720,011</u>	<u>232,984</u>	<u>26,547</u>	<u>420</u>	<u>340,115</u>	<u>3,320,077</u>
Less: Allowance for uncollectibles	<u>(880,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(880,768)</u>
Total receivables, net	<u>\$ 1,839,243</u>	<u>\$ 232,984</u>	<u>\$ 26,547</u>	<u>\$ 420</u>	<u>\$ 340,115</u>	<u>\$ 2,439,309</u>
Notes receivable	\$ -	\$ -	\$ 468,473	\$ -	\$ -	\$ 468,473
Amounts included in accounts receivable	-	-	(24,434)	-	-	(24,434)
Notes receivable per financial statements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,039</u>

EIP Fund: On September 14, 2004, the County created a revolving loan fund as required by the County's participation in the Employment Incentive Program ("EIP"). The revolving loan fund dictates that proceeds from repayment of the loans described below be used to loan funds to assist employers in Hart County in creating and/or retaining permanent jobs primarily for low and moderate income persons.

During fiscal year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$145,000 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$1,400. As of September 30, 2016, the remaining balance of the note is \$38,208 with a current amount receivable of \$15,620.

During fiscal year 2011, the County received an Employment Incentive Grant of \$486,946. The County, in turn, made a loan to Ritz Instrument Transformers, Inc. to finance the purchase of equipment in the amount of \$470,000 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 monthly installments of \$6,210. As of September 30, 2016, the remaining balance of the note is \$139,015 with a current amount receivable of \$70,307.

During fiscal year 2013, the County entered into a second agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$327,488 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$4,360. As of September 30, 2016, the remaining balance of the note is \$163,116 with a current amount of \$47,253.

During fiscal year 2014, the County entered into an agreement with DSH Holdings, LLC, Lake Foods, LLC, and Wauka Mountain Foods, LLC to finance the purchase of equipment. The note receivable had an original principal balance of \$152,000 together with interest of 3.0% per annum. The note is being repaid in 120 monthly installments of \$1,503. As of September 30, 2016, the remaining balance of the note is \$128,134 with a current amount of \$13,423.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 5 – RECEIVABLES (CONTINUED)

Health Care Services Fund: The accounts receivable for nonmajor governmental funds includes \$218,132 reported for the Health Care Services Fund representing payments due from Ty Cobb Healthcare System, Inc. under a lease termination agreement totaling \$1,078,132. During the year ended September 30, 2016, the County received payments in the amount of \$540,000 in cash, as well as the transfer of land and a building with a combined fair market value of \$320,000. These payments will be utilized for the provision of health care services for the benefit of the citizens of the County. As of September 30, 2016, the remaining balance under the agreement is \$218,132, all due within the next fiscal year.

Receivables as of year-end for the County's discretely presented component units are as follows:

	<u>Library</u>	<u>Health Department</u>	<u>Total</u>
Accounts receivable	<u>\$ 4,988</u>	<u>\$ 9,438</u>	<u>\$ 14,426</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables as of September 30, 2016, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Insurance Premium Tax	General	\$ 27,473
Solid Waste	General	6,566
DFACS	General	122
E-911	General	408
Multiple Grant	General	66,790
CDBG	General	150
Health Care Services	Multiple Grant	<u>92,000</u>
		<u>\$ 193,509</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables net to zero. All amounts are expected to be paid within one year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund transfers were recorded between the following funds:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
<i>Within governmental activities:</i>			
General	E911	Budgeted shortfall	\$ 100,000
Health Care Services	Multiple Grant	Walking trail grant	<u>92,000</u>
			\$ <u>192,000</u>
<i>Between governmental and business-type activities:</i>			
General	IBA	See (A) below	\$ 210,880
General	JDA	See (B) below	4,775
SPLOST #4	HCWSA	See (C) below	459,924
SPLOST #4	IBA	See (D) below	232,780
SPLOST #4	JDA	See (E) below	39,689
CDBG	HCWSA	See (F) below	<u>327,048</u>
			\$ <u>1,275,096</u>

Transfers are used to (1) report revenues in the fund that statute or budget requires to collect such revenue to the fund that the statute or budget requires to expend such revenue and (2) account for revenues collected in the General Fund which are to be used by other funds in accordance with budget authorizations or anticipated capital projects. Note 14 provides additional reconciliations of transfers to component units with differing year-ends. During the year ended September 30, 2016, the County made transfers between funds to include:

- (A) The General Fund transferred \$210,880 to the Hart County Industrial Building Authority (a blended component unit treated as a proprietary fund by the County) for operations. IBA has a December 31, 2015 year end, so the amount recorded as transferred in by IBA is \$204,084, resulting in an outstanding transfer timing difference of \$6,796.
- (B) The General Fund transferred \$4,775 to the Joint Development Authority of Franklin, Hart and Stephens Counties (a blended component unit treated as a proprietary fund by the County) for operations. JDA has a June 30, 2016 year end, so the amount recorded as transferred in by JDA is \$6,475, resulting in an outstanding transfer timing difference of (\$1,700).
- (C) The SPLOST #4 Fund transferred \$459,924 to the Hart County Water and Sewer Authority (a blended component unit treated as a proprietary fund by the County) for capital projects related to waterline expansion.
- (D) The SPLOST #4 Fund transferred \$232,780 to IBA for improvements and payments on debt to purchase several parcels of land for the Gateway Industrial Park. Due to the December 31, 2015 year end, the amount recorded as transferred in by IBA is \$212,745, resulting in an outstanding transfer timing difference of \$20,035.
- (E) The SPLOST #4 Fund transferred \$39,689 to JDA for payments on debt to purchase land for the Gateway Industrial Park.
- (F) The CDBG Fund transferred \$327,048 to the HCWSA for capital projects related to waterline expansion.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 7 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Reclassifications and Retirements	Ending Balance
Primary Government:				
Governmental activities:				
Non-depreciable assets:				
Land and improvements	\$ 1,107,657	\$ 144,938	\$ -	\$ 1,252,595
Construction in progress	265,989	702,627	(23,853)	944,763
Total non-depreciable capital assets	<u>1,373,646</u>	<u>847,565</u>	<u>(23,853)</u>	<u>2,197,358</u>
Depreciable assets:				
Buildings	9,627,341	258,632	23,853	9,909,826
Machinery, equipment and other	5,360,666	95,579	(43,500)	5,412,745
Vehicles	5,139,473	417,596	-	5,557,069
Infrastructure	58,584,796	1,019,508	-	59,604,304
Recreational upgrades	2,852,037	178,527	-	3,030,564
Total depreciable capital assets	<u>81,564,313</u>	<u>1,969,842</u>	<u>(19,647)</u>	<u>83,514,508</u>
Less accumulated depreciation for:				
Buildings	(2,598,510)	(148,201)	-	(2,746,711)
Machinery, equipment and other	(2,806,251)	(216,455)	23,200	(2,999,506)
Vehicles	(2,572,388)	(261,297)	-	(2,833,685)
Infrastructure	(28,896,655)	(1,900,139)	-	(30,796,794)
Recreational upgrades	(308,082)	(56,959)	-	(365,041)
Total accumulated depreciation	<u>(37,181,886)</u>	<u>(2,583,051)</u>	<u>23,200</u>	<u>(39,741,737)</u>
Total depreciable capital assets, net	<u>44,382,427</u>	<u>(613,209)</u>	<u>3,553</u>	<u>43,772,771</u>
Governmental activities capital assets, net	<u>\$45,756,073</u>	<u>\$ 234,356</u>	<u>\$ (20,300)</u>	<u>\$ 45,970,129</u>
Business-type activities:				
Non-depreciable assets:				
Land and improvements	\$ 5,997,984	\$ -	\$ (18,480)	\$ 5,979,504
Construction in progress	3,353,029	1,703,193	(3,360,341)	1,695,881
Total non-depreciable capital assets	<u>9,351,013</u>	<u>1,703,193</u>	<u>(3,378,821)</u>	<u>7,675,385</u>
Depreciable assets:				
Buildings	252,685	-	-	252,685
Machinery, equipment and other	716,125	5,094	-	721,219
Vehicles	113,180	-	-	113,180
Water and sewer lines	16,914,628	176,255	3,360,341	20,451,224
Infrastructure	4,230,343	-	-	4,230,343
Total depreciable capital assets	<u>22,226,961</u>	<u>181,349</u>	<u>3,360,341</u>	<u>25,768,651</u>
Less accumulated depreciation for:				
Buildings	(44,273)	(8,333)	(8,336)	(60,942)
Machinery, equipment and other	(419,870)	(26,676)	12,106	(434,440)
Vehicles	(73,623)	(3,773)	(3,770)	(81,166)
Water and sewer lines	(2,792,456)	(386,283)	-	(3,178,739)
Infrastructure	(647,548)	(84,607)	-	(732,155)
Total accumulated depreciation	<u>(3,977,770)</u>	<u>(509,672)</u>	<u>-</u>	<u>(4,487,442)</u>
Total depreciable capital assets, net	<u>18,249,191</u>	<u>(328,323)</u>	<u>3,360,341</u>	<u>21,281,209</u>
Business-type activities capital assets, net	<u>\$27,600,204</u>	<u>\$ 1,374,870</u>	<u>\$ (18,480)</u>	<u>\$ 28,956,594</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units:

Hart County Health Department

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 9,881	\$ -	\$ -	\$ 9,881
Less accumulated depreciation	<u>(5,928)</u>	<u>(1,977)</u>	<u>-</u>	<u>(7,905)</u>
Capital assets, net	<u><u>\$ 3,953</u></u>	<u><u>\$ (1,977)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,976</u></u>

Hart County Library

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 125,091	\$ 2,391	\$ -	\$ 127,482
Books and collections	414,514	8,499	-	423,013
Less accumulated depreciation for:				
Machinery, equipment and other	(73,612)	(7,874)	-	(81,486)
Books and collections	<u>(377,421)</u>	<u>(12,802)</u>	<u>-</u>	<u>(390,223)</u>
Capital assets, net	<u><u>\$ 88,572</u></u>	<u><u>\$ (9,786)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,786</u></u>

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

Primary Government:

Governmental activities:

General government	\$ 110,068
Housing and development	33,140
Judicial	12,193
Public health and welfare	5,560
Public safety	341,839
Public works	1,985,731
Recreation and culture	<u>94,520</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,583,051</u></u>

Business-type activities:

Solid waste	\$ 31,205
Hart County Industrial Building Authority	387
Joint Development Authority of Franklin, Hart and Stephens Counties	86,525
Hart County Water and Sewer Authority	<u>391,555</u>
Total depreciation expense - business-type activities	<u><u>\$ 509,672</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 8 – LEASES RECEIVABLE

Operating Lease

DFACS Building Fund: The County entered into a rental agreement effective January 1, 2015 with the Georgia Department of Human Resources (“DHR”) whereby DHR rents the County’s facility known as the Department of Family and Children’s Services (“DFACS”) building for office space of the Hart County DFACS. The rental term runs from July 1 to June 30 of each year with the option of annual renewals through 2029. DHR agreed to pay the County monthly rent payments of \$5,752. If the lease is renewed for additional years, the monthly payments will be \$5,752 per month through December 31, 2019, \$3,495 per month through December 31, 2024, and \$4,940 per month through December 31, 2029.

The net value of the property under lease is \$1,304,919, which is net of accumulated depreciation of \$365,377.

BLENDING COMPONENT UNITS:

Hart County Industrial Building Authority

Capital Leases

The Hart County Industrial Building Authority has taken title to certain fixtures, equipment and other personal and real property and leased said property to various companies in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Hart County, Georgia.

The leased property is not recorded in the Statement of Net Position or Balance Sheet because each company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. Each company will pay to IBA an annual lease payment, together with a payment in lieu of ad valorem taxes (“PILOT”) and any applicable utility or other government service charges. For leased property that is subject to a lien at the time the property is transferred to IBA, IBA has guaranteed the debt secured by and limited to the amount of the collateral.

The amount of the PILOT payment is based on the amount of ad valorem tax that would be owed if the property was held in the lessee’s name, multiplied by the percentages shown below for each year. No later than ten years from the inception of the lease, all lessees will pay 100% of the value of the ad valorem tax.

County property tax revenues were reduced by \$341,646 in foregone revenue under tax abatement agreements entered into by the Hart County Industrial Building Authority.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Company	Leased Property (Collateral)	Material Covenants	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
Hart AgStrong, LLC	4.047 acres land and personal property	Company to employ and maintain employment for at least 10 individuals and invest at least \$4,000,000 in physical assets in Hart County, Georgia by 12/31/09.	\$ 3,990,000	\$1,500	12/31/10	12/16/09	12/31/22	Automatic annual renewals
Milbro Refractories, Inc.	8.58 acres land, 20,000 sq ft building and equipment	Company to employ and maintain employment for at least 5 individuals and invest at least \$800,000 in physical assets in Hart County, Georgia by 12/31/10.	\$ 659,555	\$10	12/31/08	03/06/08	02/06/31	Automatic annual renewals
Ritz Instrument Transformers, Inc.	10 acres land and equipment	Company to maintain employment for at least 80 individuals and employ an additional 10 individuals within 2 years of expansion completion, and certifies investment of at least \$5,700,000 in physical assets in Hart County, Georgia	\$ 2,565,000	\$1,500	12/01/10	12/31/09	01/31/20	Automatic annual renewals if loan is outstanding
SD Automotive Group Management, Inc.	Equipment	Company to employ and maintain employment for at least 25 individuals and invest at least \$3,000,000 in physical assets in Hart County, Georgia by 12/31/12.	\$ -	\$10	01/01/12	12/31/11	12/31/15	2 automatic renewing options through 1/5/22
Tenneco Automotive Operating Company, Inc.	11 parcels of land, improvements and equipment	Company to employ at least 220 individuals by 12/31/12 and to employ and maintain employment for 400 individuals and invest at least \$10,470,000 in physical assets in Hart County, Georgia by 12/31/2020. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 42,000,000	Amount needed to pay principal and interest payments on bond debt.	12/01/10	05/01/10	12/01/17	2 automatic renewing options, through 12/1/21

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Amount of PILOT Payment													
(Based on percentage of amount that would be owed for ad valorem tax if property were held in Lessee's name)													
Company	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hart AgStrong, LLC	-	-	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%	100%
Milbro Refractories, Inc.	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	100%	100%	100%
Ritz Instrument Transformers, Inc.	-	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	100%	100%
SD Automotive Group Management, Inc.	-	-	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Tenneco Automotive Operating Company, Inc.	-	-	-	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Joint Development Authority of Franklin, Hart and Stephens Counties

Capital Lease

Pursuant to the conduit debt obligations detailed in Note 9, the Joint Development Authority of Franklin, Hart and Stephens Counties has taken title to certain fixtures, equipment and other personal and real property and leased said property to the company in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Georgia.

The leased property is not recorded in the Statement of Net Position or Balance Sheet because the company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. The company will pay to JDA a payment in lieu of ad valorem taxes over a ten year phase-in period. For leased property that is subject to a lien at the time the property is transferred to JDA, JDA has guaranteed the debt secured by and limited to the amount of the collateral.

The amount of the PILOT payment is based on the amount of ad valorem tax that would be owed if the property was held in the lessee's name, multiplied by the percentages shown below for each year. No later than ten years from the inception of the lease, the lessee will pay 100% of the value of the ad valorem tax.

County property tax revenues were reduced by \$122,304 in foregone revenue under tax abatement agreements entered into by the Joint Development Authority of Franklin, Hart and Stephens Counties.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

Joint Development Authority of Franklin, Hart and Stephens Counties (Continued)

Company	Leased Property (Collateral)	Material Covenants	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
Fenner-Dunlop Americas	Land and manufacturing facility	Company to build a manufacturing facility in Hart County and Franklin County in the amount of \$40,000,000 to increase employment.	\$ 40,000,000	Amount needed to pay principal and interest payments on bond debt.	05/01/08	05/01/08	11/01/19	N/A

Amount of PILOT Payment (Based on percentage of amount that would be owed for ad valorem tax if property were held in Lessee's name)										
Company	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fenner-Dunlop Americas	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Operating Lease

Under a previous OneGeorgia Authority broadband award, JDA entered into a non-cancelable lease agreement with North Georgia Network Cooperative, Inc. ("NGN") to lease fiber optic cable owned by JDA. The lease agreement calls for payments of \$18,850 each year for eight years beginning July 1, 2015. As of June 30, 2016, NGN had prepaid the annual payment covering the rental for fiscal year 2017. The payment has been recorded as unearned revenue on the Statement of Net Position.

The net value of the property under lease is \$973,050, which is net of accumulated depreciation of \$24,950.

The future minimum rentals on this non-cancelable lease are as follows:

<u>FY</u>	
2017	\$ 18,850
2018	18,850
2019	18,850
2020	18,850
2021	18,850
Thereafter	<u>37,700</u>
Total	<u>\$ 131,950</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

Joint Development Authority of Franklin, Hart and Stephens Counties (Continued)

Operating Lease (Continued)

At the end of the lease period, NGN may purchase the leased fiber for the sum of \$1. This lease is not considered an exchange transaction or capital lease because the value of the property to be transferred to NGN has a considerably higher value than the lease payments paid by NGN.

NOTE 9 - NONCURRENT LIABILITIES

Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after closure. On May 1, 1997, in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. Although closure and post closure care costs will generally be paid near or after the date the landfill stops accepting waste, generally accepted accounting principles require a portion of the estimated closure and post closure care costs to be reported as an operating expense in each period for which the landfill accepts waste. The \$165,018 reported as landfill closure and post closure care liability at September 30, 2016 represents the cumulative estimated total amount necessary to perform all future post closure functions based on the use of 100% of the estimated capacity of the landfill. The amount reported is based on what it would cost to perform all post closure care in 2016. The County has closed the landfill and no useful life exists. Actual costs may be different due to changes in inflation, technology, or applicable laws or regulations. The County meets the Environmental Protection Agency financial assurance requirements using the financial test method because it has sufficient assets to cover the post closure care costs.

Noncurrent liability activity for the primary government for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 587,175	\$ 422,374	\$ (426,865)	\$ 582,684	\$ 430,644
Governmental activities noncurrent liabilities	<u>\$ 587,175</u>	<u>\$ 422,374</u>	<u>\$ (426,865)</u>	<u>\$ 582,684</u>	<u>\$ 430,644</u>
Business-type activities:					
Compensated absences	\$ 32,463	\$ 25,592	\$ (48,010)	\$ 10,045	\$ 480
Landfill postclosure	208,628	-	(43,610)	165,018	43,610
Business-type activities noncurrent liabilities	<u>\$ 241,091</u>	<u>\$ 25,592</u>	<u>\$ (91,620)</u>	<u>\$ 175,063</u>	<u>\$ 44,090</u>

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Landfill Closure and Post Closure Care Costs (Continued)

CHANGES IN NONCURRENT LIABILITIES

The landfill postclosure costs will be paid by the Solid Waste Fund. The liability for compensated absences will be paid by the fund from which the employee's salaries are paid as follows:

<u>Fund</u>	Compensated Absences Liability
Governmental activities:	
General Fund	\$ 552,445
E911 Fund	20,813
Insurance Premium Tax Fund	<u>9,426</u>
Total governmental activities	\$ <u>582,684</u>
Business-type activities:	
Solid Waste Fund	\$ 8,716
Hart County Water & Sewer	<u>1,329</u>
	\$ <u>10,045</u>

BLENDED COMPONENT UNITS:

Hart County Industrial Building Authority

Conduit Debt Obligations

In June 2010, IBA issued in its name Series 2009 taxable industrial development revenue bonds in the amount of \$42,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Tenneco Automotive Operating Company, Inc. ("Tenneco") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Tenneco under a capital lease. IBA has no obligation to pay on the Series 2009 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA or the County. The bonds mature on December 1, 2021. The outstanding balance of the Series 2009 bonds payable at December 31, 2015 was unconfirmed.

Notes Payable

In July 2007, IBA borrowed \$720,000 through a rural economic development loan from Hart Electric Membership Corporation funded by the United States Department of Agriculture ("USDA") to repay debt previously borrowed to finance property used in the development of Gateway Industrial Park in Hart County, Georgia. According to the terms of the note, payments of \$7,500 with interest at 0.0% per annum are due beginning August 2009 and every month thereafter for a term of 96 months, maturing in July 2017. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments from funds earmarked for economic development.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDING COMPONENT UNITS (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

In September 2013, IBA borrowed \$3,012,750 through a federally awarded rural development loan from USDA to complete the purchase of 133.9 acres of land located in Gateway Industrial Park in Hart County, Georgia acquired from Janiece Murray White in October 2011. According to the terms of the note, payments of \$11,690 with interest at 3.5% per annum are due beginning October 2013 and every month thereafter for a term of 40 years, maturing in September 2053. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments from funds earmarked for economic development. In addition, IBA is required to maintain a debt service reserve fund in the amount of \$140,280 (equivalent to twelve monthly payments). As of December 31, 2015, this debt service reserve account was fully funded by the County and is reported as restricted cash on the Statement of Net Position as a noncurrent asset.

Noncurrent liability activity for IBA for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
IBA					
Business-type activities:					
Hart EMC note payable	\$ 232,500	\$ -	\$ (90,000)	\$ 142,500	\$ 90,000
USDA note payable	2,968,230	-	(36,984)	2,931,246	38,012
Business-type activities noncurrent liabilities	<u>\$ 3,200,730</u>	<u>\$ -</u>	<u>\$ (126,984)</u>	<u>\$ 3,073,746</u>	<u>\$ 128,012</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 102,268	\$ 128,012	\$ 230,280
2017	100,628	92,152	192,780
2018	99,218	41,062	140,280
2019	97,757	42,523	140,280
2020	96,517	43,763	140,280
2021 - 2025	456,903	244,497	701,400
2026 - 2030	410,206	291,194	701,400
2031 - 2035	354,585	346,815	701,400
2036 - 2040	288,488	412,912	701,400
2041 - 2045	209,404	491,996	701,400
2046 - 2050	115,420	585,980	701,400
2051 - 2053	17,045	352,840	369,885
Total	<u>\$ 2,348,439</u>	<u>\$ 3,073,746</u>	<u>\$ 5,422,185</u>
Less: Interest			<u>(2,348,439)</u>
Present value of minimum payments			<u>\$ 3,073,746</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

Conduit Debt Obligations

In October, 2004, JDA issued in its name two Series 2004 taxable industrial development revenue bonds in the amounts of \$15,400,000 and \$13,000,000. Monies obtained from the bond issuances were used to construct and equip a manufacturing facility for TI Group Automotive Systems, L.L.C. serving Hart County, Georgia. The bonds were limited obligation bonds wherein payments of principal and interest were to be made exclusively from lease payments paid by TI Group Automotive Systems, L.L.C. under capital lease agreements. JDA had no obligation to pay on the Series 2004 bonds, therefore, neither the bond debt nor the capital leases receivable were included in the financial statements of JDA or the County. The \$15,400,000 bonds matured on October 1, 2015 and the \$13,000,000 bonds were repaid effective January 26, 2016. The outstanding balance of both the \$15,400,000 bonds payable and the \$13,000,000 bonds payable at June 30, 2016 was zero. Pursuant to the repayment of the bonds, the lessee exercised their purchase option in the amount of \$10 and the leased assets were transferred out of JDA's name.

In November, 2007, JDA issued in its name Series 2007 taxable industrial revenue bonds in the amount of \$40,000,000. Monies obtained from the bond issuance was used to acquire, construct and equip a manufacturing facility for Fenner-Dunlop Americas, Inc. serving Hart and Franklin Counties, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Fenner-Dunlop Americas, Inc. under a capital lease. JDA has no obligation to pay on the Series 2007 bonds, therefore, neither the bond debt nor the capital lease receivable is included in the financial statements of JDA or the County. The bonds will mature on November 1, 2019. The outstanding balance of the \$40,000,000 bonds payable at June 30, 2016 was unconfirmed.

Notes Payable

In May 2014, JDA borrowed \$459,950 from Pinnacle Bank in order to reduce the carrying costs on debt previously borrowed to finance a portion of the cost of 130 acres of land used in the development of Gateway Industrial Park. According to the terms of the note, quarterly payments of \$9,922 to include interest at 3.5% per annum are due beginning August 2014 and every quarter thereafter for a term of 15 years, maturing in May 2029. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments.

In November 2014, JDA borrowed \$150,000 on a promissory note from the OneGeorgia Authority as part of a combined grant/loan award to construct a broadband fiber optic network in northeast Georgia. According to the terms of the note, quarterly payments of \$4,688 including interest at 0.0% per annum are due beginning July 1, 2015 and every quarter thereafter for a term of 32 quarters. The loan is secured by the lease agreement described in Note 8 and will be fully funded from these lease revenues.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties (Continued)

Notes Payable (Continued)

Noncurrent liability activity for JDA for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
JDA					
Business-type activities:					
Pinnacle Bank note payable	\$ 435,867	\$ -	\$ (24,798)	\$ 411,069	\$ 25,325
OneGeorgia note payable	145,312	-	(18,749)	126,563	14,063
Business-type activities noncurrent liabilities	<u>\$ 581,179</u>	<u>\$ -</u>	<u>\$ (43,547)</u>	<u>\$ 537,632</u>	<u>\$ 39,388</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2017	\$ 14,363	\$ 39,388	\$ 53,751
2018	13,254	45,184	58,438
2019	12,310	46,128	58,438
2020	11,362	47,076	58,438
2021	10,320	48,118	58,438
2022 - 2026	35,117	200,826	235,943
2027 - 2029	6,388	110,912	117,300
Total	<u>\$ 103,114</u>	<u>\$ 537,632</u>	<u>\$ 640,746</u>
Less: Interest			<u>(103,114)</u>
Present value of minimum payments			<u>\$ 537,632</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority

Notes Payable

DWSRF Loan #11-002: In July 2013, HCWSA executed a loan agreement to borrow a maximum amount of \$2,221,700 in pass-through federal and state funding from the Drinking Water State Revolving Fund ("DWSRF") administered by GEFA for the construction of a water tank and distribution system extensions into the western area of Hart County, Georgia. According to the terms of the loan agreement, 60 monthly payments of \$30,000 to include interest at 0.5% per annum are due beginning upon completion of the GEFA financed portion of the project. The note is secured by HCWSA's revenue raising powers and repayment of the loan is guaranteed by the County. As of September 30, 2015, the full \$2,221,700 had been drawn down, and the lender forgave the full \$444,340 (20%) of the principal balance of the loan, leaving a net liability of \$1,777,360. The first monthly payment was due October 1, 2015 and the loan will mature on September 1, 2020.

During the year ended September 30, 2016, interest was recorded on this loan in the amount of \$7,934, of which \$728 was capitalized as part of construction in progress and \$7,206 was reported as a nonoperating expense.

DWSRF Loan #13-017: In February 2015, HCWSA executed a loan agreement to borrow a maximum amount of \$2,000,000 in pass-through federal and state funding from the DWSRF administered by GEFA for the construction of distribution system extensions into the Bethany Church and Rock Springs areas of Hart County, Georgia. According to the terms of the loan agreement, 120 monthly payments with interest at 0.52% per annum are due beginning upon completion of the project. The note will be secured by HCWSA's revenue raising powers and repayment of the loan is guaranteed by the County. At the time of project completion, if the full \$2,000,000 has been drawn down, the lender agrees to forgive \$500,000 (25%) of the principal balance of the loan.

As of September 30, 2016, HCWSA has drawn down \$1,329,037 related to this agreement, of which \$1,030,402 (77.53%) is federally funded and \$298,635 (22.47%) is funded by the state of Georgia. The amount reported as loan forgiveness revenue was \$332,259 (25% of total) and the remaining 80%, \$996,778, is reported as a noncurrent liability. During the year ended, September 30, 2016, construction period interest at 0.52% per annum in the amount of \$1,645 has been capitalized as part of construction in progress and \$1,366 was reported as a nonoperating expense for a portion of the project placed in service. In addition to construction period interest, the remaining loan origination payments totaling \$10,000 related to the loan origination fee agreement were paid and reported as a nonoperating expense.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority (Continued)

Notes Payable (Continued)

Noncurrent liability activity for HCWSA for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
HCWSA					
Business-type activities:					
DWSRF #11-002	\$ 1,777,360	\$ -	\$ (351,927)	\$ 1,425,433	\$ 353,691
DWSRF #13-017	172,122	824,656	-	996,778	-
Business-type activities noncurrent liabilities	<u>\$ 1,949,482</u>	<u>\$ 824,656</u>	<u>\$ (351,927)</u>	<u>\$ 2,422,211</u>	<u>\$ 353,691</u>

Below is the schedule of future minimum obligated payments related to the DWSRF #11-002 loan. A schedule of future minimum obligated payments has not been presented for the DRSRF #13-017 loan since it is still in the drawdown stage with no specific repayment obligations until the project is complete.

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2017	\$ 6,317	\$ 353,691	\$ 360,008
2018	4,545	355,463	360,008
2019	2,764	357,244	360,008
2020	973	359,035	360,008
Total	<u>\$ 14,599</u>	<u>\$ 1,425,433</u>	<u>\$ 1,440,032</u>
Less: Interest			(14,599)
Present value of minimum payments			<u>\$ 1,425,433</u>

DWSRF #11-002 loan interest is paid by the Hart County Water and Sewer Authority and the principal is paid by the SPLOST #4 Fund. DWSRF #13-017 principal and interest will be paid by the SPLOST #4 Fund.

Compensated Absences

Activity related to compensated absences for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	<u>\$ 7,965</u>	<u>\$ 4,558</u>	<u>\$ (11,194)</u>	<u>\$ 1,329</u>	<u>\$ 480</u>

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS:

Hart County Library

See Note 11 for details related to the Library's pension plan liability.

Hart County Health Department

Noncurrent liability activity for the Health Department for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Health Department Business-type activities:					
Compensated absences	\$ 49,693	\$ 31,311	\$ (25,479)	\$ 55,525	\$ 18,323

The liability for compensated absences will be paid by the Hart County Health Department. See Note 11 for details related to the Health Department's pension plan liability.

NOTE 10 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

The County provides certain group insurance benefits for eligible employees who are employed over 90 days. The County does not provide other postemployment benefits ("OPEB").

NOTE 11 – PENSION PLANS

Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with the Deferred Compensation Plan discussed below. The contributions from both plans are invested with Lincoln National Life and Reliastar Life Insurance Companies and are administered by Mack Poss and Associates, an independent third party. The plans can be amended or removed by a majority vote of the Hart County Board of Commissioners. During the fiscal year ended September 30, 2016, the County contributed \$90,508 to the plan, based on covered salaries of \$3,016,920. Total payroll was \$7,394,476. Plan members made voluntary contributions of \$145,417.

Deferred Compensation Plan

In 1994, the County created a deferred compensation plan in accordance with Internal Revenue Code 457 to allow employees to defer a portion of their salary through voluntary contributions to the plan.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

NOTE 11 – PENSION PLANS (CONTINUED)

The following is a summary of the Hart County employee pension plans:

- (1) Only full time employees are eligible. Full time is defined as working more than thirty hours per week.
- (2) Employees must complete one year of service to be eligible for participation in the plan. One year of service is defined as 12 consecutive months of full time service. Any employee with a break in full time service will be treated as a new employee.
- (3) The plan is structured in the following manner:
 - A. Upon completion of one to three years of service, the employer will match 50% of the employee's contribution to a maximum of 3% of the employee's annual salary.
 - B. Upon completion of three to five years of service, the employer will match 75% of the employee's contribution to a maximum of 3% of the employee's annual salary.
 - C. Upon completion of five or more years of service, the employer will match 100% of the employee's contribution to a maximum of 3% of the employee's annual salary.
- (4) Employees will be 100% vested after completion of five years of service. Employees will be 100% vested in his/her contribution immediately.
- (5) Participation in the plan and increases in the County match percentage will begin at the first of the month following the employee's anniversary date.
- (6) Employees may contribute up to 25% of their annual salary or the maximum allowed by federal law. There are additional catch-up provisions for employees nearing retirement.
- (7) Employees will have a choice regarding how their contributions are invested as detailed below:
 - A. A fixed account (i.e. annuity) with Reliastar Life Insurance Company.
 - B. Fixed and variable accounts (i.e. mutual funds) with Lincoln National - the variable accounts are managed by Janis and Fidelity.
 - C. Employees may participate in any combination of available funds in 10% increments.
- (8) Employee and employer contributions are tax deferred. Taxes will be due upon withdrawal.

Defined Benefit Plan

DISCRETELY PRESENTED COMPONENT UNITS:

Hart County Library

The Library reports a liability for its proportionate share of the net pension liability related to its participation in the Teachers Retirement System of Georgia. As of June 30, 2016, net pension liability of \$178,425 and related deferred pension outflows and inflows of \$50,371 and \$16,619, respectively, are included in the Combining Statement of Net Position for discretely presented component units. For complete pension disclosures and schedules, please see the Library's separately issued standalone audited financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Benefit Plan (Continued)

DISCRETELY PRESENTED COMPONENT UNITS: (CONTINUED)

Hart County Health Department

The Health Department reports a liability for its proportionate share of the net pension liability related to its participation in the Georgia State Employees' Retirement System. As of June 30, 2016, net pension liability of \$382,574 and related deferred net pension outflows and inflows of \$73,387 and \$42,072, respectively, are included in the Combining Statement of Net Position for discretely presented component units. For complete pension disclosures and schedules, please see the Health Department's separately issued standalone audited financial statements.

NOTE 12 - RISK MANAGEMENT

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated capital assets. Management has used a conservative approach on these estimates.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against the 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.

There have been no significant reductions of insurance coverage from coverage in the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grant Contingencies: The County participates in a number of revenue sharing grants. Expenditures financed by revenue sharing grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

In August 2015, the County was awarded a \$500,000 federal grant for resurfacing Old Highway 29, which was fully expended during the year ended September 30, 2016. The award indicates the County is responsible for including this award in its Schedule of Federal Financial Assistance, however, the award was orally changed so that the grant funds will not flow through the County but will be directly administered by the Georgia Department of Transportation, and therefore will not be considered a federal award of the County. Per the Georgia Department of Audits and Accounts, an amended Memorandum of Agreement ("MOA") should be submitted to reflect this change. If this document is not amended, the County could be required to include this award in their federal expenditures, which would result in the County exceeding the threshold for needing a Single Audit for fiscal year 2016.

Litigation: The County is a defendant in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

Construction: In September 2016, the County and IBA were awarded a federal grant from the Economic Development Administration in the amount of \$123,838 for a road and improvements in Gateway Industrial Park. Work is expected to begin in fiscal year 2017. A local match of \$123,838 is required.

HCWSA: In February 2016, HCWSA was approved for a ten year \$365,000 GEFA loan with 40% principal forgiveness for the purpose of financing the conversion of existing water meters to radio read meters. The HCWSA Board approved using only \$275,000 of this funding. This loan is still pending as of the date these financial statements were issued.

HCWSA: In September 2016, GEFA approved a waterline extension into the Mouchet Road area of Hart County for an additional \$250,372 and extended the project completion date to January 7, 2017.

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

The amounts expended between Hart County, Georgia and the following component units require reconciliations due to differing fiscal year-ends:

Hart County Industrial Business Authority (fiscal year ended December 31, 2015):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2016	\$ 443,660
Plus expenditures to IBA between January 1, 2015 and September 30, 2015	316,410
Less expenditures recorded by the County in September 2015 but not received by IBA until October 2015	(35,841)
Less expenditures to IBA between January 1, 2016 and September 30, 2016	<u>(307,400)</u>
Revenue reported by IBA for the fiscal year ended December 31, 2015	\$ <u>416,829</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS (CONTINUED)

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2016):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2016	\$ 44,464
Plus expenditures to JDA between July 1, 2015 and September 30, 2015	9,922
Plus expenditures accrued by JDA not yet submitted to the County	1,700
Less expenditures to JDA between July 1, 2016 and September 30, 2016	<u>(9,922)</u>
Revenue reported by JDA for the fiscal year ended June 30, 2016	\$ <u>46,164</u>

Hart County Health Department (fiscal year ended June 30, 2016):

Total amount contributed or expended by Hart County on behalf of the Health Department ("HD") during the fiscal year ended September 30, 2016	\$ 80,000
Plus expenditures to the HD between July 1, 2015 and September 30, 2015	20,000
Less expenditures to the HD between July 1, 2016 and September 30, 2016	<u>(20,000)</u>
Revenue reported by the Health Department for the fiscal year ended June 30, 2016	\$ <u>80,000</u>

Hart County Library (fiscal year ended June 30, 2016):

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2016	\$ 77,000
Plus expenditures to the Library between July 1, 2015 and September 30, 2015	19,250
Less expenditures to the Library between July 1, 2016 and September 30, 2016	<u>(19,250)</u>
Revenue reported by the Library for the fiscal year ended June 30, 2016	\$ <u>77,000</u>

NOTE 15 - JOINT VENTURES

Hart County participates jointly with Franklin County, Georgia in the Franklin-Hart Airport. Both counties have agreed to allocate funds as part of their respective budgets toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Hart County contributed \$3,500 to the Airport during the year ended September 30, 2016. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

Under Georgia Law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission ("GMRC") and is required to pay annual dues thereto. During the year ended September 30, 2016, the County paid \$23,019 in such dues. Membership in a regional commission ("RC") is required by OCGA 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 15 - JOINT VENTURES (CONTINUED)

Hart County and Franklin County have contributed funds to the Joint Development Authority of Franklin, Hart and Stephens Counties for the Gateway Industrial Park project. As of June 30, 2016, contributions for this project since inception, exclusive of any grant revenues, have been provided as follows:

	<u>% of Total</u>	<u>Amount</u>
Hart County	91.0%	\$ 2,266,134
Stephens County	0.0%	-
Franklin County	<u>9.0%</u>	<u>220,990</u>
Total	<u>100.0%</u>	\$ <u>2,487,124</u>

NOTE 16 - INTERGOVERNMENTAL AGREEMENTS

The County has an agreement with various municipalities in Hart County relating to their allocation and share of the local option sales tax ("LOST"). For the year ended September 30, 2016, the percentage share of the LOST funds was allocated as follows:

City of Hartwell	21.00%
City of Royston	4.25%
Town of Canon	0.25%
Town of Bowersville	1.00%

IBA has a rural economic development loan secured by an intergovernmental agreement from the County through Hart EMC requiring payments of \$90,000 per year. The loan funds were used to finance property in Gateway II Industrial Park. The County provides the funding for these payments to IBA on a monthly basis for 8 years beginning August 2009.

IBA also has a rural economic development loan secured by an intergovernmental agreement from the County through USDA requiring payments of \$140,280 per year. The loan funds were used to acquire 133.9 acres of additional property in Gateway III Industrial Park. The County provides the funding for these payments to IBA on a monthly basis for 40 years beginning October 2013. The County previously provided IBA with a required one year reserve in the amount of \$140,280 to be held by IBA until such time as the USDA releases this reserve requirement at which time the funds can be utilized for purposes such as loan repayment.

JDA has a loan secured by an intergovernmental agreement from the County through Pinnacle Bank requiring payments of \$39,688 per year. The loan funds were used to refinance a previous loan for property in Gateway I Industrial Park in order to reduce carrying costs. The County provides the funding for these payments to JDA on a quarterly basis for 15 years beginning August 2014.

HCWSA has a Drinking Water State Revolving Fund loan #11-002 secured by an intergovernmental agreement from the County through GEFA requiring payments of \$360,000 per year. The loan funds were used to acquire, construct and install additions, extensions, and improvements to the water system in Hart County, to include the Airline area water tank/connector project. The County has agreed to fund the principal portion of the debt payments on a monthly basis beginning October 2015.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 16 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

HCWSA also has a Drinking Water State Revolving Fund loan #13-017 secured by an intergovernmental agreement from the County through GEFA that will require payments of approximately \$154,000 per year. The loan funds are being used to acquire, construct and install additions, extensions, and improvements to the water system in Hart County, to include the Bethany Church and Rock Springs areas. The County has agreed to fund the principal and interest on the debt payments on a monthly basis upon completion of the project.

The County has an intergovernmental agreement with IBA used to reimburse IBA for costs related to a consulting agreement with Aeratus Enterprises, LLC for economic developer services.

NOTE 17 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, IBA paid \$92,004 pursuant to a consulting agreement with Aeratus Enterprises, LLC and Dwayne Dye for economic development services. The full amount was reimbursed to IBA from Hart County under an intergovernmental agreement. Both agreements were effective beginning January 1, 2015. These reimbursed amounts are included in IBA's operating revenue. See Note 14 for timing differences due to differing year-ends between the County and IBA.

HCWSA has entered into engineering service agreements with Lakeside Engineering & Environmental Services, Inc. which is owned by the director of HCWSA. Amounts paid to Lakeside Engineering & Environmental Services, Inc. during the fiscal year ended September 30, 2016 totaled \$73,862.

The County and its component units (blended and discretely presented) may also enter into contracts and other agreements with local municipalities, whose council or board members also sit on the County's board or the board of a component unit.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS / RESTATEMENTS

Correction of an Error:

During the year ended September 30, 2016, the County became aware of an account receivable for the previous fiscal year that was not recorded by the E911 Fund for prepaid wireless distribution revenue from the Georgia Department of Revenue in the amount of \$45,030. The County determined that a restatement of beginning net position of the governmental activities is necessary to correct the beginning accounts receivable of the E911 Fund and the effect on revenue which was not recorded in the previous fiscal year.

Net position of governmental activities for the year ended September 30, 2015 was as follows:

	<u>Net Investment In Capital Assets</u>	<u>Total Restricted</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
As previously reported	\$ 45,756,073	\$ 4,776,180	\$ 5,198,232	\$ 55,730,485
Prior period adjustment	-	-	45,030	45,030
As restated	\$ <u>45,756,073</u>	\$ <u>4,776,180</u>	\$ <u>5,243,262</u>	\$ <u>55,775,515</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 19 – FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards ("SEFA") is a summary of expenditures relating to federal award programs and is required if federal expenditures during the year exceed \$750,000. During the year ended September 30, 2016, the County did not exceed this threshold for federal awards in the County's name or administered by the County. The Hart County Water and Sewer Authority did exceed the threshold and was subject to a separate audit in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. These federal awards are reported on HCWSA's SEFA and are not considered federal awards of the County. See HCWSA's separately issued standalone audited financial statements for additional information related to federal award programs.

NOTE 20 - SUBSEQUENT EVENTS

The following is a summary of significant subsequent events occurring after year-end:

- 1) In September 2015, the County was awarded a \$500,000 Community Development Block Grant as part of a joint venture to construct a wastewater pretreatment facility serving the Lake Foods facility. Construction is expected to be complete in fiscal year 2017.
- 2) In August 2015, the County was awarded a \$500,000 Community Development Block Grant from the Georgia Department of Community Affairs to finance a portion of HCWSA's water line project in the Reed Creek area of the County. In April 2017, the Department of Community Affairs approved a formal amendment to change the approved area to include the Cokesbury Highway area.
- 3) In December 2016, the County loaned \$450,000 to Ritz Instrument Transformers, Inc. for the purchase of equipment. The loan was made from the County's EIP Revolving Loan Fund ("RLF"). The loan will be repaid over a seven year period with interest at 3.0% per annum.
- 4) In January 2017, the Board of Commissioners appointed Terrell Partain, Interim County Administrator, to fill the permanent County Administrator position.
- 5) In March 2017, the County awarded a contract for a new ambulance in the amount of \$135,991 to Emergency Vehicle Sales of Elberton.
- 6) In May 2017, the County awarded two separate contracts for EMS substation buildings in the amount of \$94,250 each to IBC Construction Corporation.
- 7) During fiscal year 2015, the County was awarded FY15 and FY16 Georgia Department of Transportation Local Maintenance and Improvement Program ("LMIG") funds of \$487,193 and \$488,733 respectively. The County agreed to escrow the funds to be applied to the stated projects in fiscal year 2017. In September, 2016, the County awarded a contract in the amount of \$1,239,656 to C.W. Matthews Contracting Co, Inc. for paving related to these LMIG funds. The projects were completed in April 2017.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)

- 8) In September 2015, the County committed the use of matching funds of approximately \$394,000 from the SPLOST economic development funds toward the Northern Sewer Line project in a joint venture with the City of Lavonia to service the Gateway Industrial Park area, pending grant funding. A \$694,864 Economic Development Administration ("EDA") grant from the U.S. Department of Commerce was awarded in September 2015. In June 2017, the EDA notified the County that steps are under way to terminate the award due to extensive delays in commencing construction related to issues with re-engineering and acquiring right of ways. As of the date of these financial statements, it is uncertain if this project will go forward.
- 9) *HCWSA*: In February 2017, the HCWSA Board approved hiring Patrick Goran as Director under an employee relationship effective March 15, 2017. Mr. Goran had previously held this position as an independent contractor under Lakeside Engineering & Environmental Services, Inc
- 10) *HCWSA*: In February 2017, GEFA finalized the execution of a loan modification to extend the Bethany Church area project completion date to December 31, 2017.
- 11) *IBA*: In January 2016, IBA's Board executed an amended Memorandum of Understanding ("MOU") with Haering Precision USA LP (the "Haering Company") to assist with locating and financing a new manufacturing facility in Hart County, Georgia (the "Haering Project"). In exchange for the Haering Company investing \$40,000,000 in the Haering Project and creating 400 new jobs within five years of completion, IBA agreed to:
- Lease 36.75 acres of land located in the Gateway II Industrial Park to the Haering Company for \$15,000 per acre with an option to purchase, along with right of first refusal on an adjoining 18.8 acres. IBA agreed to reimburse the Haering Company for site preparation and infrastructure costs up to \$551,250, which is the amount of these lease payments and to include up to \$60,000 in travel and education for training new employees in Germany. IBA further agreed to provide all water, gas and sewer extensions to the Haering Company's new facilities and relocate utility lines outside the leased property boundaries. In October 2016, the Haering Company paid the \$551,250 associated with the land sale/lease and the funds are being held by IBA in preparation for assistance with site preparation costs.
 - Issue revenue bonds up to the amount of \$64,000,000 to assist the Haering Company in building the new facility. Payment on these bonds will be made by the Haering Company, and will therefore be considered as conduit debt for financial reporting purposes. The bonds were issued in October 2016 and IBA received a \$80,000 financing fee.
 - Provide ad valorem tax abatement incentives (PILOT) over a ten year staggered phase-in.
 - Apply for and administer a OneGeorgia Authority \$600,000 grant to benefit the Haering Project. The grant has been approved but no funds have yet been drawn.
 - Build a new county road along the boundary of the property and provide the funding for the costs of rock excavation, provided under a commitment from Hart County, Georgia. Rock excavation is in progress. \$364,580 has been budgeted, but the final cost has not yet been determined.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)

- 12) IBA: In January 2016, IBA's Board executed an MOU with Linde + Wiemann Sales & Engineering, Inc. ("L+W Company") to assist with locating and financing its new manufacturing facility in Hart County, Georgia (the "Ironside Project"). In exchange for the L+W Company investing \$64,000,000 in the Ironside Project and creating 201 new jobs within five years of completion, IBA agreed to:
- Lease 28.905 acres of land located in the Gateway II Industrial Park to the L+W Company for \$405,000 with an option to purchase. IBA agreed to reimburse the L+W Company for site preparation and infrastructure costs up to \$405,000 to include up to \$40,000 in travel and education for training new employees in Germany. IBA additionally agreed to provide the funding for a training instructor, rock excavation, a construction road, grading 20 acres, and all water, gas and sewer extensions to the L+W Company's new facilities. In March 2016, the L+W Company paid \$409,975 in lease payments. In April 2016, IBA paid \$405,000 to THS Construction for infrastructure costs related to the Ironside Project.
 - Lease a small portion of the Ironside Project real property to the L+W Company to be used as a short-term construction site in exchange for a one time rental fee of \$5,000.
 - Issue revenue bonds structured as draw-down bonds up to the amount of \$64,000,000 to assist the L+W Company in building and equipping the Ironside Project. Payment on these bonds will be made by the L+W Company, and will therefore be considered as conduit debt for financial reporting purposes. The bonds were issued in March 2016 and IBA received a \$50,000 financing fee.
 - Provide ad valorem tax abatement incentives (PILOT) over a ten year staggered phase-in.
 - Apply for and administer a OneGeorgia Authority \$600,000 grant to benefit the Ironside Project. In September 2016, the grant was received by IBA and the full amount was paid to the L+W Company.
 - Build a new county road along the boundary of the Ironside Project real property and access to State Highway #366, provided under a commitment from Hart County, Georgia.
- 13) IBA: In September 2016, IBA's Board authorized GMRC to apply for a \$400,000 ARC/Southern Automotive and Aviation Workforce Development Program federal grant for a Haering Training Facility. This grant is still pending as of the date of these financial statements.

Required Supplementary Information

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 8,553,600	\$ 8,553,600	\$ 8,651,508	\$ 97,908
Licenses and permits	64,100	64,100	61,164	(2,936)
Intergovernmental	180,250	180,250	216,910	36,660
Fines and forfeitures	600,000	600,000	677,234	77,234
Charges for services	1,217,600	1,217,600	1,206,865	(10,735)
Investment earnings	3,000	3,000	11,894	8,894
Contributions & donations	10,256	10,256	36,792	26,536
Miscellaneous	193,370	193,370	169,886	(23,484)
Total revenues	10,822,176	10,822,176	11,032,253	210,077
EXPENDITURES				
Current expenditures				
General government				
General government	83,400	83,400	64,144	(19,256)
Board of elections	107,172	108,670	108,670	-
Professional	96,000	97,380	97,380	-
Executive	407,665	407,665	385,018	(22,647)
Tax commissioner	306,748	306,748	283,195	(23,553)
Tax assessors	479,769	479,769	445,222	(34,547)
Risk management	148,000	217,277	217,277	-
Buildings and properties	97,500	113,363	113,363	-
General administration fees	4,604	4,647	4,647	-
Total general government	1,730,858	1,818,919	1,718,916	(100,003)
Judicial				
Superior court	108,135	126,362	126,362	-
Clerk of superior court	321,615	321,615	308,095	(13,520)
Probate court	235,542	235,542	220,034	(15,508)
Juvenile court	54,600	62,534	62,534	-
Grand jury	37,800	40,386	40,386	-
Public defender	69,622	70,912	70,912	-
District attorney	37,288	51,018	51,018	-
Magistrate court	177,279	177,279	171,886	(5,393)
Board of equalization	7,250	12,944	12,944	-
Total judicial	1,049,131	1,098,592	1,064,171	(34,421)
Public Safety				
Sheriff	2,127,345	2,127,345	2,098,030	(29,315)
Jail operations	1,374,531	1,515,306	1,515,306	-
Whitworth women's center	30,000	30,000	13,552	(16,448)
Coroner and medical examiner	42,606	42,949	42,949	-
Emergency management	30,847	30,847	26,561	(4,286)
Emergency medical service	2,193,578	2,193,578	2,069,088	(124,490)
E-911 addressing and permitting	42,401	42,401	37,128	(5,273)
GIS services 911	-	14,333	14,333	-
Animal control	81,704	81,704	77,988	(3,716)
Total public safety	5,923,012	6,078,463	5,894,935	(183,528)

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**HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016
(Required Supplementary Information)**

Continued from previous page

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Public works administration	-	2,075	2,075	-
Highways & streets	864,840	864,840	765,737	(99,103)
Maintenance shop	507,719	507,719	431,267	(76,452)
Total public works	<u>1,372,559</u>	<u>1,374,634</u>	<u>1,199,079</u>	<u>(175,555)</u>
Public Health and Welfare				
Health	83,100	88,222	88,222	-
Welfare	30,600	30,600	30,600	-
Senior citizens center	114,741	129,418	129,418	-
Transportation services	121,683	159,434	159,434	-
Total public health and welfare	<u>350,124</u>	<u>407,674</u>	<u>407,674</u>	<u>-</u>
Recreation and Culture				
Recreation	340,257	340,257	318,508	(21,749)
Library administration	77,000	78,351	78,351	-
Total recreation and culture	<u>417,257</u>	<u>418,608</u>	<u>396,859</u>	<u>(21,749)</u>
Housing and Development				
Agricultural resources	83,093	85,686	85,686	-
Economic development & assistance	32,454	79,649	79,649	-
Airport authority	3,500	3,500	3,500	-
Community action programs	100	100	-	(100)
Adult basic education	7,000	21,861	21,861	-
Total housing and development	<u>126,147</u>	<u>190,796</u>	<u>190,696</u>	<u>(100)</u>
Total expenditures	<u>10,969,088</u>	<u>11,387,686</u>	<u>10,872,330</u>	<u>(515,356)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,912)</u>	<u>(565,510)</u>	<u>159,923</u>	<u>725,433</u>
Other financing sources (uses)				
Carryover of funds	362,567	781,165	-	(781,165)
Transfers out	(215,655)	(215,655)	(315,655)	(100,000)
Total other financing sources (uses)	<u>146,912</u>	<u>565,510</u>	<u>(315,655)</u>	<u>(881,165)</u>
Net change in fund balance	-	-	(155,732)	(155,732)
Fund balance, beginning of year	-	-	4,833,685	4,833,685
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,677,953</u>	<u>\$ 4,677,953</u>

HART COUNTY, GEORGIA
INSURANCE PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 950,000	\$ 950,000	\$ 1,028,050	\$ 78,050
Investment earnings	-	-	1,976	1,976
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>1,030,026</u>	<u>80,026</u>
EXPENDITURES				
Current				
General government	50,307	54,027	54,027	-
Public safety	420,698	446,467	446,467	-
Public works	597,633	600,082	600,082	-
Total expenditures	<u>1,068,638</u>	<u>1,100,576</u>	<u>1,100,576</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(118,638)	(150,576)	(70,550)	80,026
Other financing sources (uses)				
Transfers in (out) - General Fund	118,638	150,576	-	(150,576)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(70,550)	(70,550)
Fund balances, beginning of year	-	-	231,852	231,852
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,302</u>	<u>\$ 161,302</u>

HART COUNTY, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 18,500	\$ 18,500	\$ 552,722	\$ 534,222
Investment earnings	-	-	3,336	3,336
Contributions & donations	-	-	62,722	62,722
Total revenues	<u>18,500</u>	<u>18,500</u>	<u>618,780</u>	<u>600,280</u>
EXPENDITURES				
Public safety	18,500	18,500	18,447	(53)
Capital outlay	1,559,426	1,559,426	662,038	(897,388)
Total expenditures	<u>1,577,926</u>	<u>1,577,926</u>	<u>680,485</u>	<u>(897,441)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,559,426)	(1,559,426)	(61,705)	1,497,721
Other financing sources (uses) Transfers in - Health Care Services Fund	-	-	92,000	92,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,559,426)	(1,559,426)	30,295	1,589,721
Fund balances, beginning of year	-	-	998,523	998,523
Fund balances, end of year	<u><u>\$ (1,559,426)</u></u>	<u><u>\$ (1,559,426)</u></u>	<u><u>\$ 1,028,818</u></u>	<u><u>\$ 2,588,244</u></u>

**HART COUNTY, GEORGIA
EIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016
(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 17,500	\$ 17,500	\$ 18,127	\$ 627
Miscellaneous revenues	-	-	144,941	144,941
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>163,068</u>	<u>145,568</u>
EXPENDITURES				
General government	<u>4,171</u>	<u>4,171</u>	<u>4,171</u>	<u>-</u>
Total expenditures	<u>4,171</u>	<u>4,171</u>	<u>4,171</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	13,329	13,329	158,897	145,568
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>384,122</u>	<u>384,122</u>
Fund balances, end of year	<u><u>\$ 13,329</u></u>	<u><u>\$ 13,329</u></u>	<u><u>\$ 543,019</u></u>	<u><u>\$ 529,690</u></u>

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2016

NOTE 1 - BUDGETARY INFORMATION

Budgets for the General Fund, the Insurance Premium Tax Fund, the Multiple Grant Fund and the EIP Fund are adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

During the fiscal year ended September 30 2016, no expenditures were materially in excess of the amounts appropriated in any of these funds. Excesses are considered to be material if they are both greater than \$10,000 and over 3.0% of the department level budget (the legal level of control).

For the Multiple Grant Fund, the capital outlay portion has no budget requirement since it represents the capital projects portion of this fund.

For the EIP Fund, the miscellaneous revenues portion has no budget requirement since it represents payments received for the repayment of loans.

Supplementary Information

**Combining and Individual Nonmajor Fund Financial Statements and
Budgetary Schedules**

**Combining Financial Statements
Nonmajor Governmental Funds**

**HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016**

<u>Special Revenue Funds</u>								
	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
ASSETS								
Cash and cash equivalents	\$ 95,079	\$ 34,853	\$ 983	\$ 3,422	\$ 47,486	\$ 15,294	\$ 553,614	\$ 750,731
Receivables (net of allowance for uncollectibles)	-	4,865	111,874	5,244	-	-	218,132	340,115
Prepaid items	-	-	12,813	-	-	-	-	12,813
Total assets	\$ 95,079	\$ 39,718	\$ 125,670	\$ 8,666	\$ 47,486	\$ 15,294	\$ 771,746	\$ 1,103,659
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 249	\$ 3,107	\$ 956	\$ 2,504	\$ -	\$ -	\$ -	\$ 6,816
Other accrued items	-	-	1,298	-	-	-	-	1,298
Due to other funds	122	-	408	-	-	-	92,000	92,530
Total liabilities	371	3,107	2,662	2,504	-	-	92,000	100,644
Fund balances								
Nonspendable	-	-	12,813	-	-	-	-	12,813
Restricted	94,708	36,611	110,195	6,162	47,486	15,294	679,746	990,202
Total fund balances	94,708	36,611	123,008	6,162	47,486	15,294	679,746	1,003,015
Total liabilities and fund balances	\$ 95,079	\$ 39,718	\$ 125,670	\$ 8,666	\$ 47,486	\$ 15,294	\$ 771,746	\$ 1,103,659

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	Special Revenue Funds							TOTAL
	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	
REVENUES								
Charges for services	\$ 69,020	\$ -	\$ 419,828	\$ -	\$ 6,000	\$ -	\$ -	\$ 494,848
Fines and forfeitures	-	34,847	-	48,713	-	9,679	-	93,239
Investment earnings	-	-	46	2	22	-	845	915
Miscellaneous	1,178	-	-	-	-	-	-	1,178
Total revenues	70,198	34,847	419,874	48,715	6,022	9,679	845	590,180
EXPENDITURES								
Current								
Judicial	-	-	-	-	-	6,754	-	6,754
Public safety	-	-	504,140	59,615	-	-	8,938	572,693
Health and welfare	28,611	19,964	-	-	-	-	321,150	369,725
Housing and development	-	-	-	-	2,598	-	-	2,598
Total expenditures	28,611	19,964	504,140	59,615	2,598	6,754	330,088	951,770
Excess (deficiency) of revenues over (under) expenditures	41,587	14,883	(84,266)	(10,900)	3,424	2,925	(329,243)	(361,590)
OTHER FINANCING SOURCES								
Transfers out	-	-	-	-	-	-	(92,000)	(92,000)
Transfers in	-	-	100,000	-	-	-	-	100,000
Total other financing sources (uses)	-	-	100,000	-	-	-	(92,000)	8,000
Net change in fund balances	41,587	14,883	15,734	(10,900)	3,424	2,925	(421,243)	(353,590)
Prior period adjustment	-	-	45,030	-	-	-	-	45,030
Fund balances, beginning of year	53,121	21,728	62,244	17,062	44,062	12,369	1,100,989	1,311,575
Fund balances, end of year	\$ 94,708	\$ 36,611	\$ 123,008	\$ 6,162	\$ 47,486	\$ 15,294	\$ 679,746	\$ 1,003,015

**Nonmajor Special Revenue Funds
Budgetary Schedules**

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specified purposes.

This section contains budgetary comparison schedules for each nonmajor special revenue fund with a legally appropriated budget. For special revenue funds determined to be major funds, the budgetary comparison schedules are reported under the Required Supplementary Information section of these financial statements.

MAJOR FUNDS:

Insurance Premium Tax Fund - This fund is used to account for the County's share of the state tax on insurance companies collected by Georgia. The monies collected are used for the fire department and street department.

Multiple Grant Fund - This fund is used to account for the proceeds received from federal and state sources for various grants to include the Federal Highway Administration Off-System Safety Improvement Project administered by the Georgia Department of Transportation ("GDOT") for road striping, the Appalachian Regional Commission Local Access Road grant administered by GDOT for widening Knox Bridge Road, and multi-year Georgia Local Management Improvement Grants for road resurfacing.

NONMAJOR FUNDS:

DFACS Building Fund - This fund is used to account for the collection of rental payments received from the Department of Human Resources for the Department of Family and Children's Services (DFACS).

Drug Abuse Treatment and Education Fund - This fund is used to account for the County's share of fines and forfeitures collected by the court system specifically designated for drug abuse treatment and education.

E911 Fund - This fund is used to account for the County's share of telephone fees for the operation of their 911 emergency system.

Jail Fund - This fund is used to account for the collection of fines and forfeitures specifically designated for operation of the County's Jail.

Behavioral Health Escrow Fund - This fund is used to account for the maintenance and upkeep of the Behavioral Health facility.

Law Library - The Law Library records are maintained separately from the County. This fund is used to account for the court fines and fees legally restricted for the operation of the County's Law Library. There is no legally adopted budget for the Law Library.

Health Services Fund - This fund is used to account for activity transferred to the County by the now defunct Hart County Hospital Authority.

HART COUNTY, GEORGIA
DFACS BUILDING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 69,020	\$ 69,020	\$ 69,020	\$ -
Miscellaneous	-	-	1,178	1,178
Total revenues	<u>69,020</u>	<u>69,020</u>	<u>70,198</u>	<u>1,178</u>
EXPENDITURES				
Current				
Health and welfare	24,000	28,611	28,611	-
Total expenditures	<u>24,000</u>	<u>28,611</u>	<u>28,611</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	45,020	40,409	41,587	1,178
Fund balances, beginning of year	-	-	53,121	53,121
Fund balances, end of year	<u>\$ 45,020</u>	<u>\$ 40,409</u>	<u>\$ 94,708</u>	<u>\$ 54,299</u>

HART COUNTY, GEORGIA
DRUG ABUSE TREATMENT AND EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 9,100	\$ 9,100	\$ 34,847	\$ 25,747
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>34,847</u>	<u>25,747</u>
EXPENDITURES				
Current				
Health and welfare	5,500	19,964	19,964	-
Total expenditures	<u>5,500</u>	<u>19,964</u>	<u>19,964</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,600	(10,864)	14,883	25,747
Fund balances, beginning of year	-	-	21,728	21,728
Fund balances, end of year	<u>\$ 3,600</u>	<u>\$ (10,864)</u>	<u>\$ 36,611</u>	<u>\$ 47,475</u>

HART COUNTY, GEORGIA
E911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 433,400	\$ 433,400	\$ 419,828	\$ (13,572)
Investment earnings	-	-	46	46
Total revenues	<u>433,400</u>	<u>433,400</u>	<u>419,874</u>	<u>(13,526)</u>
EXPENDITURES				
Current				
Public safety	496,621	504,140	504,140	-
Total expenditures	<u>496,621</u>	<u>504,140</u>	<u>504,140</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(63,221)	(70,740)	(84,266)	(13,526)
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	100,000	100,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(63,221)	(70,740)	15,734	86,474
Fund balances, beginning of year, original	-	-	62,244	62,244
Prior period adjustment			45,030	45,030
Fund balances, beginning of year, restated	<u>-</u>	<u>-</u>	<u>107,274</u>	<u>107,274</u>
Fund balances, end of year	<u>\$ (63,221)</u>	<u>\$ (70,740)</u>	<u>\$ 123,008</u>	<u>\$ 193,748</u>

**HART COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 27,000	\$ 27,000	\$ 48,713	\$ 21,713
Investment earnings	-	-	2	2
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>48,715</u>	<u>21,715</u>
EXPENDITURES				
Current				
Public safety	24,500	59,615	59,615	-
Total expenditures	<u>24,500</u>	<u>59,615</u>	<u>59,615</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,500	(32,615)	(10,900)	21,715
Fund balances, beginning of year	-	-	17,062	17,062
Fund balances, end of year	<u>\$ 2,500</u>	<u>\$ (32,615)</u>	<u>\$ 6,162</u>	<u>\$ 38,777</u>

HART COUNTY, GEORGIA
BEHAVIORAL HEALTH ESCROW SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Investment earnings	-	-	22	22
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,022</u>	<u>22</u>
EXPENDITURES				
Current				
Housing and development	3,500	3,500	2,598	(902)
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>2,598</u>	<u>(902)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,500	2,500	3,424	924
Fund balances, beginning of year	-	-	44,062	44,062
Fund balances, end of year	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 47,486</u>	<u>\$ 44,986</u>

HART COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 9,679	\$ 9,679
Total revenues	<u>-</u>	<u>-</u>	<u>9,679</u>	<u>9,679</u>
EXPENDITURES				
Current				
Judicial	-	-	6,754	6,754
Total expenditures	<u>-</u>	<u>-</u>	<u>6,754</u>	<u>6,754</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	2,925	2,925
Fund balances, beginning of year	-	-	12,369	12,369
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,294</u>	<u>\$ 15,294</u>

HART COUNTY, GEORGIA
HEALTH SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 551,366	\$ 551,366	\$ -	\$ (551,366)
Investment earnings	-	-	845	845
Total revenues	<u>551,366</u>	<u>551,366</u>	<u>845</u>	<u>(550,521)</u>
EXPENDITURES				
Current				
Health and welfare	13,200	321,150	321,150	-
Public safety	336,500	336,500	8,938	(327,562)
Recreation and culture	92,000	92,000	-	(92,000)
Total expenditures	<u>441,700</u>	<u>749,650</u>	<u>330,088</u>	<u>(419,562)</u>
Excess (deficiency) of revenues over (under) expenditures	109,666	(198,284)	(329,243)	(130,959)
Other financing sources (uses)				
Transfers out - Multiple Grant Fund	-	-	(92,000)	(92,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	109,666	(198,284)	(421,243)	(222,959)
Fund balances, beginning of year	-	-	1,100,989	1,100,989
Fund balances, end of year	<u>\$ 109,666</u>	<u>\$ (198,284)</u>	<u>\$ 679,746</u>	<u>\$ 878,030</u>

Combining Financial Statements

Agency Funds

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2016

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	\$ 325,315	\$ 320,080	\$ 83,384	\$ 23,378	\$ 115,003	\$ 867,160
Taxes receivable	914,021	-	-	-	-	914,021
Total assets	<u>\$ 1,239,336</u>	<u>\$ 320,080</u>	<u>\$ 83,384</u>	<u>\$ 23,378</u>	<u>\$ 115,003</u>	<u>\$ 1,781,181</u>
LIABILITIES						
Due to others	<u>\$ 1,239,336</u>	<u>\$ 320,080</u>	<u>\$ 83,384</u>	<u>\$ 23,378</u>	<u>\$ 115,003</u>	<u>\$ 1,781,181</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended September 30, 2016

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, beginning	\$ 377,171	\$ 318,585	\$ 161,709	\$ 19,188	\$ 48,457	\$ 925,110
Additions	22,432,685	827,243	684,159	223,979	350,562	24,518,628
Deductions	(22,484,541)	(825,748)	(762,484)	(219,789)	(284,016)	(24,576,578)
Cash, ending	<u>325,315</u>	<u>320,080</u>	<u>83,384</u>	<u>23,378</u>	<u>115,003</u>	<u>867,160</u>
Taxes receivable, beginning	1,091,524	-	-	-	-	1,091,524
Additions	16,896,614	-	-	-	-	16,896,614
Deductions	(17,074,117)	-	-	-	-	(17,074,117)
Taxes receivable, ending	<u>914,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,021</u>
Total assets	<u>\$ 1,239,336</u>	<u>\$ 320,080</u>	<u>\$ 83,384</u>	<u>\$ 23,378</u>	<u>\$ 115,003</u>	<u>\$ 1,781,181</u>
LIABILITIES						
Due to others, beginning	\$ 1,468,695	\$ 318,585	\$ 161,709	\$ 19,188	\$ 48,457	\$ 2,016,634
Additions	22,432,685	827,243	684,159	223,979	350,562	24,518,628
Deductions	(22,662,044)	(825,748)	(762,484)	(219,789)	(284,016)	(24,754,081)
Due to others, ending	<u>1,239,336</u>	<u>320,080</u>	<u>83,384</u>	<u>23,378</u>	<u>115,003</u>	<u>1,781,181</u>
Total liabilities	<u>\$ 1,239,336</u>	<u>\$ 320,080</u>	<u>\$ 83,384</u>	<u>\$ 23,378</u>	<u>\$ 115,003</u>	<u>\$ 1,781,181</u>

Part III

Supplemental Schedules Section

This section contains schedules required by the state of Georgia.



HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #2)
For the Year Ended September 30, 2016

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 4,500,000	\$ 4,500,000	\$ 5,745,298	\$ 1,462	\$ 5,746,760	100.00%
Water system and capital outlay	3,300,000	3,300,000	3,038,693	261,307	3,300,000	100.00%
Industrial development capital outlay	1,860,000	1,860,000	2,271,546	-	2,271,546	100.00%
County library/literacy center capital outlay	300,000	300,000	320,998	-	320,998	100.00%
Fire protection equipment	1,020,000	1,020,000	1,140,776	-	1,140,776	100.00%
Recreational facilities	1,020,000	1,020,000	1,020,200	-	1,020,200	100.00%
Total	\$ 12,000,000	\$ 12,000,000	\$ 13,537,511	\$ 262,769	\$ 13,800,280	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting.

Note B: On November 7, 2000, the special one percent sales tax #2 was approved by voters in Hart County with funds to be specifically used for:

- 1) Roads, streets & bridges
- 2) Economic development
- 3) Recreational facilities
- 4) County Library/Literacy Center
- 5) Fire fighting equipment
- 6) Water projects

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #4)
For the Year Ended September 30, 2016

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 3,994,880	\$ 3,994,880	\$ 2,282,667	\$ 538,049	\$ 2,820,716	70.61%
Water system capital outlay	3,200,000	3,200,000	838,703	459,924	1,298,627	40.58%
Industrial development capital outlay	3,200,000	3,200,000	869,055	975,404	1,844,459	57.64%
Capital outlay projects for the City of Royston	358,400	358,400	251,669	35,780	287,449	80.20%
Capital outlay projects for the Town of Bowersville	185,600	185,600	155,000	-	155,000	83.51%
Capital outlay projects for the Town of Canon	37,120	37,120	-	15,141	15,141	40.79%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	1,328,516	396,624	1,725,140	74.88%
Fire protection equipment	1,360,000	1,360,000	801,001	142,713	943,714	69.39%
Recreational facilities	1,360,000	1,360,000	1,038,829	233,936	1,272,765	93.59%
Total	\$ 16,000,000	\$ 16,000,000	\$ 7,565,440	\$ 2,797,571	\$ 10,363,011	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting.

Note B: On November 2, 2010, the special one percent sales tax #3 was approved by voters in Hart County with funds to be specifically used for:

- 1) Roads, streets & bridges
- 2) Water system capital outlay projects
- 3) Economic development capital outlay projects
- 4) Recreational facilities
- 5) Fire fighting equipment
- 6) Capital outlay projects for the Cities of Hartwell and Royston and Towns of Bowersville and Canon

Note C: The estimated \$16,000,000 SPLOST was approved by election held on November 2, 2010, and shall continue for a period of 6 years with collections that started on April 1, 2012.

Part IV

Compliance Section

This section contains compliance reports and schedules required by
Government Auditing Standards.



BURCH, CROOMS & COMPANY, LLP
Certified Public Accountants

Alesia B. Burch, CPA, CGMA
Karen C. Crooms, CPA, CGMA

P. O. Box 770, 25 Chandler Center
Hartwell, Georgia 30643
706/376-3168 ~ FAX 706/376-5945

Lisa Carmichael, CPA
Kristi J. Robinson
Ruth D. Hein

June 8, 2017

**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**

The Honorable Chairman and
Members of the Board of Commissioners
Hart County
Hartwell, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Hart County, Georgia's basic financial statements and have issued our report thereon dated June 8, 2017. Our report includes a reference to other auditors who audited the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, as described in our report on Hart County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hart County, 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 Hart County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Hart County, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 2
June 8, 2017

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hart 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*.

We noted certain other matters involving the internal control over financial reporting that we have reported to the management of Hart County, Georgia in a separate letter dated June 8, 2017.

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.

Burch, Crooms & Company, LLP