

**HART COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended September 30, 2017**



**Part I**  
**Introductory Section**



**HART COUNTY, GEORGIA  
FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

***Table of Contents***

**PART I - INTRODUCTORY SECTION:**

Table of Contents  
Principal Officials

**PART II - FINANCIAL SECTION:**

**Page (s)**

Independent Auditor's Report 1-3

Management's Discussion and Analysis 4-17

**Basic Financial Statements:**

*Government-wide Financial Statements:*

Statement of Net Position 18  
Statement of Activities 19

*Fund Financial Statements:*

**Governmental Funds:**

Balance Sheet 20  
Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position 21  
Statement of Revenues, Expenditures and Changes in Fund Balances 22  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities 23

**Proprietary Funds:**

Combining Statement of Net Position 24  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position 25  
Combining Statement of Cash Flows 26

**Fiduciary Funds:**

Statement of Fiduciary Assets and Liabilities 27

**Component Units:**

Combining Statement of Net Position 28  
Combining Statement of Activities 29

Notes to the Financial Statements 30-69

**Required Supplementary Information:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual - General Fund 70-71  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual - Insurance Premium Tax Special Revenue Fund 72  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual – Multiple Grant Special Revenue Fund 73  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual – EIP Special Revenue Fund 74  
Notes to the Required Supplementary Information 75

**HART COUNTY, GEORGIA  
FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

*Table of Contents, continued*

	<u>Page (s)</u>
<b><u>PART II - FINANCIAL SECTION (CONTINUED):</u></b>	
<b><u>Supplementary Information:</u></b>	
<i>Combining Nonmajor Fund Financial Statements:</i>	
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
<i>Nonmajor Fund Budgetary Schedules:</i>	
<b>Special Revenue Funds:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual for:	
Confiscated Assets – Vice Control Special Revenue Fund	78
DFACS Building Special Revenue Fund	79
Drug Abuse Treatment and Education Special Revenue Fund	80
E911 Special Revenue Fund	81
Jail Special Revenue Fund	82
Behavioral Health Escrow Special Revenue Fund	83
Law Library	84
Health Services Special Revenue Fund	85
<i>Combining Agency Fund Financial Statements:</i>	
<b>Agency Funds:</b>	
Combining Statement of Assets and Liabilities	86
Combining Statement of Changes in Assets and Liabilities	87
<b><u>PART III - SUPPLEMENTAL SCHEDULES SECTION:</u></b>	
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax #4	88
<b><u>PART IV - COMPLIANCE SECTION:</u></b>	
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 <i>Government Auditing Standards</i>	89-90

**HART COUNTY, GEORGIA  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2017**

---

**ELECTED**

Joey Dorsey, Chairman, County Commissioner, District Five

R.C. Oglesby, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Marshall Sayer, County Commissioner, District Three

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  
Kyle G. Brown

March 8, 2018

**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, 2017, 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 61.7%, 147.1%, and 68.5%, 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*

Hart County, Georgia  
Page 2  
March 8, 2018

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, 2017, 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 schedule 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 schedule 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 schedule 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***

Hart County, Georgia  
Page 3  
March 8, 2018

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.

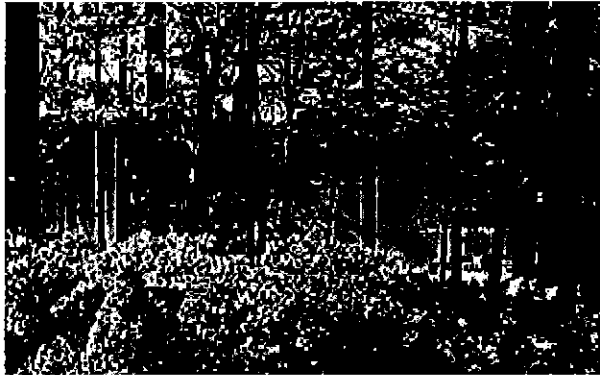
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018 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, 2017**

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, 2017. 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 improved during fiscal year 2017, primarily due to increased real and personal property taxes and sales tax revenues. The total net position for governmental activities increased by \$995,079 from \$55,099,482 in fiscal year 2016 to \$56,094,561 in fiscal year 2017. Transfers totaling \$856,517 were made 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 increased by \$1,173,013 from \$4,820,111 in fiscal year 2016 to \$5,993,124 in fiscal year 2017. Total net position increased for the business-type activities by \$279,962 from \$24,243,698 in fiscal year 2016 to \$24,523,660 in fiscal year 2017. Total net position for the primary government increased by \$1,275,041 from fiscal year 2016 to fiscal year 2017.

The assets of Hart County, Georgia's governmental activities exceeded its liabilities at September 30, 2017 by \$56,094,561 (net position). Of this amount, \$5,993,124 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.

As of September 30, 2017, the County's governmental funds reported combined ending fund balances of \$10,152,713, which is an increase of \$1,105,515 or 12.2% from the previous fiscal year. This increase is primarily due to increases in tax revenues and decreases in capital outlay and transfers out in fiscal year 2017.

As of September 30, 2017, the unassigned fund balance for the General Fund was \$5,394,976 or 49.8% of total General Fund expenditures. 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, 2017, unrestricted cash of \$3,837,916 made up 71.1% of unassigned fund balance.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**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) and related program expenses from general revenue (including taxes) to show 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, 2017**

**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 six (6) major funds, the General Fund; 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 eight (8) nonmajor funds, the Confiscated Assets Fund, DFACS Building Fund, Drug Abuse Treatment and Education Fund, E911 Fund, Jail Fund, Behavioral Health Escrow Fund, Law Library and 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, 2017**

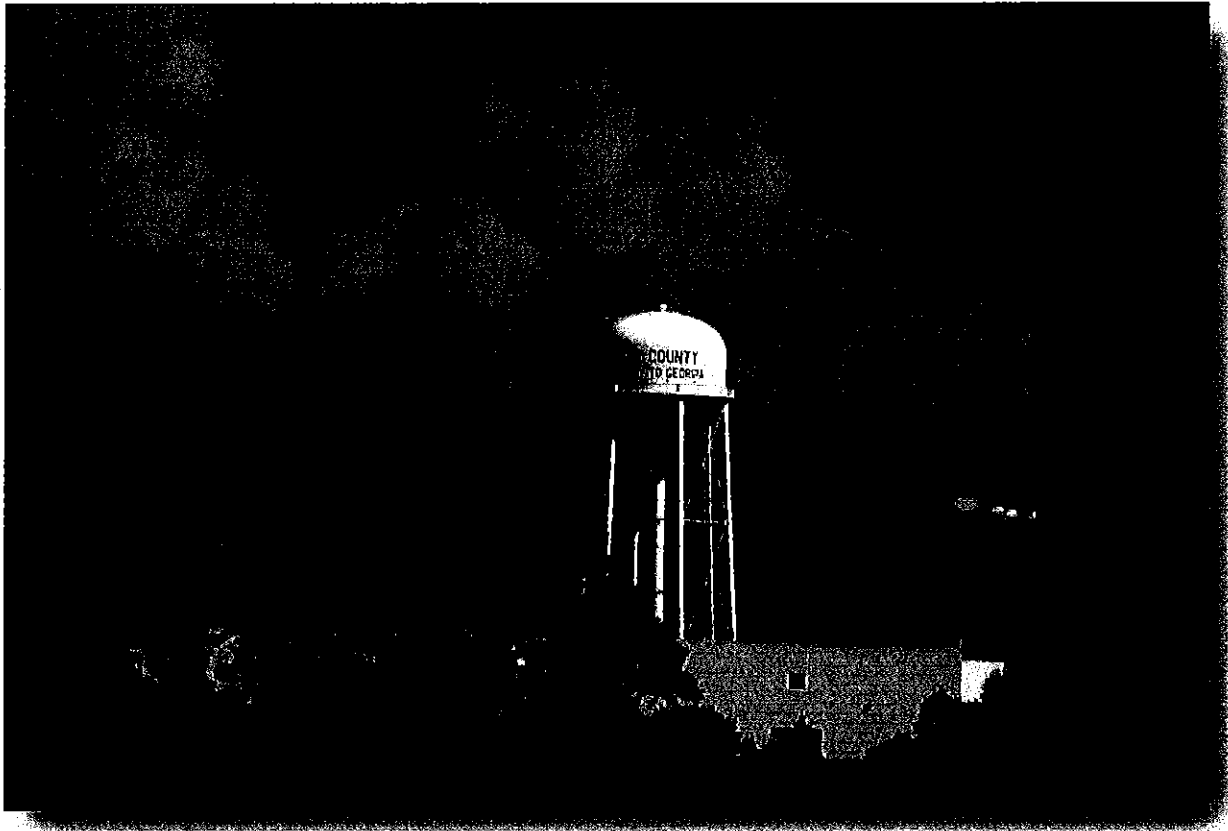
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Hart County, Georgia  
Summary Statements of Net Position  
September 30, 2017 and 2016  
(\$ in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets:</b>						
Cash and investments	\$ 7,589	\$ 6,069	\$ 1,665	\$ 1,416	\$ 9,254	\$ 7,485
Other assets	4,018	4,224	409	366	4,427	4,590
Capital assets	45,695	45,970	28,921	29,097	74,616	75,067
Total assets	<u>57,302</u>	<u>56,263</u>	<u>30,995</u>	<u>30,879</u>	<u>88,297</u>	<u>87,142</u>
<b>Liabilities:</b>						
Current liabilities	962	1,012	991	992	1,953	2,004
Noncurrent liabilities	245	152	5,481	5,643	5,726	5,795
Total liabilities	<u>1,207</u>	<u>1,164</u>	<u>6,472</u>	<u>6,635</u>	<u>7,679</u>	<u>7,799</u>
<b>Net position:</b>						
Net investment in capital assets	45,695	45,970	22,213	22,774	67,908	68,744
Restricted	4,407	4,309	721	175	5,128	4,484
Unrestricted	5,993	4,820	1,589	1,295	7,582	6,115
Total net position	<u>\$56,095</u>	<u>\$55,099</u>	<u>\$ 24,523</u>	<u>\$ 24,244</u>	<u>\$80,618</u>	<u>\$79,343</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, 2017, the County's assets for governmental activities exceeded liabilities by \$56.1 million and the County's assets for business-type activities exceeded liabilities by more than \$24.5 million bringing the total primary government net position to more than \$80.6 million.

Of the \$80.6 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 84.2% 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 \$5.1 million out of which \$3.8 million is restricted for capital projects, \$0.5 million is restricted for health and welfare, \$0.3 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 6.4% of total net position. Finally, unrestricted net position of \$7.6 million, or 9.4% 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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Hart County, Georgia  
Summary Statements of Activities  
For the Years Ended September 30, 2017 and 2016**  
(\$ in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,686	\$ 2,665	\$ 2,648	\$ 2,353	\$ 5,334	\$ 5,018
Operating grants/contributions	190	212	801	93	991	305
Capital grants/contributions	874	1,038	168	275	1,042	1,313
General revenues:						
Property taxes	6,664	5,692	-	-	6,664	5,692
Motor vehicle taxes	784	774	-	-	784	774
Sales taxes	4,908	4,779	-	-	4,908	4,779
Other taxes	1,213	1,132	-	-	1,213	1,132
Interest	63	36	4	2	67	38
Miscellaneous	60	32	(101)	-	(41)	32
Total revenues	<u>17,442</u>	<u>16,360</u>	<u>3,520</u>	<u>2,723</u>	<u>20,962</u>	<u>19,083</u>
<b>Expenses:</b>						
Governmental activities	15,589	15,762	-	-	15,589	15,762
Business-type activities	-	-	4,045	2,725	4,045	2,725
Total expenses	<u>15,589</u>	<u>15,762</u>	<u>4,045</u>	<u>2,725</u>	<u>19,634</u>	<u>18,487</u>
<b>Excess (deficiency)</b>						
before transfers	1,853	598	(525)	(2)	1,328	596
Transfers	(857)	(1,275)	834	1,250	(23)	(25)
<b>Change in net position</b>	996	(677)	309	1,248	1,305	571
Net position, beginning, restated	55,099	55,776	24,214	22,996	79,313	78,772
Net position, ending	<u>\$ 56,095</u>	<u>\$ 55,099</u>	<u>\$ 24,523</u>	<u>\$ 24,244</u>	<u>\$ 80,618</u>	<u>\$ 79,343</u>

The table above is included for the purpose of comparing government-wide financial Statements of Activities for the fiscal year ended September 30, 2017 with fiscal year 2016.

For governmental activities, grants and contributions were \$1.1 million in fiscal year 2017, which is \$0.2 million less than the amount in fiscal year 2016. Real and personal property taxes increased by \$1.0 million while motor vehicle taxes increased slightly. Local option sales tax and special option sales tax increased by \$0.1 million in fiscal year 2017 compared to 2016.

Business-type activities total revenues increased \$0.8 million between fiscal year 2017 and 2016 due mainly to Solid Waste and HCWSA experiencing increases in charges for services related to expanded customer bases and IBA's receipts for a non-recurring grant and bond issuance fee.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**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, 2017, the County's governmental funds reported a combined fund balance of \$10,152,713, an increase of \$1,105,515 compared to fiscal year 2016. Of this amount, \$5,394,976 (53.1%) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, \$350,822 (3.5%) is nonspendable and \$4,406,915 (43.4%) is restricted.

***HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS***

**General Fund Components of Fund Balance:**

<b><u>Fund Balance Component</u></b>	<b><u>9/30/2017</u></b>	<b><u>9/30/2016</u></b>
Nonspendable	\$ 266,038	\$ 271,226
Restricted	-	-
Unassigned	<u>5,394,976</u>	<u>4,406,727</u>
Total General Fund fund balance	\$ <u>5,661,014</u>	\$ <u>4,677,953</u>

The General Fund is the chief operating fund for the County. At the end of fiscal year 2017, the General Fund's total fund balance was \$5,661,014 of which \$5,394,976 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 49.8% of total General Fund expenditures while total General Fund fund balance represents approximately 52.3% 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, 2017, the fund balance includes \$3,837,916 in cash. The noncash portion of the fund balance includes \$1,311,960 in EMS accounts receivable, net of allowance for bad debts, and \$607,969 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 \$12,031,693, which represents an increase of \$999,440 over the previous fiscal year. The major revenue sources are listed in the following chart. Real and personal property tax collections accounted for 55.5% of General Fund revenues. Motor vehicle and title fees accounted for 6.5%, charges for services accounted for 10.7%, and sales and use tax collections accounted for 17.3% 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, 2017**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):**

**General Fund Revenues by Source:**

	<u>9/30/2017</u>	<u>9/30/2016</u>
Real and personal property taxes	\$ 6,676,689	\$ 5,761,117
Motor vehicle and title fees	783,762	773,813
Sales and use tax	2,079,318	2,024,467
Other taxes	102,836	92,111
Licenses and permits	57,886	61,164
Intergovernmental	198,366	216,910
Fines and forfeitures	650,911	677,234
Charges for services	1,292,799	1,206,865
Investment earnings	28,897	11,894
Other revenue	<u>160,229</u>	<u>206,678</u>
Total General Fund revenues	<u>\$ 12,031,693</u>	<u>\$ 11,032,253</u>

Total General Fund taxes collected by the County were \$9,642,605. Real and personal property taxes were \$297,447 (4.7%) more than the fiscal year 2017 budgeted amount while motor vehicle and title fees were \$33,762 (4.5%) more than the budgeted amount. The County collected \$79,318 (4.0%) more than anticipated in the fiscal year 2017 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.

Intergovernmental revenues represent local government revenue received from other governments. Intergovernmental revenues for fiscal year 2017 decreased \$18,544 (8.5%) over the prior year, mainly due to a nonrecurring capital grant of \$41,418 received in 2016 from the Georgia Department of Transportation, offset by increases in a Georgia Department of Transportation transit grant of \$11,375 and a Legacy Link grant of \$10,440 in 2017.

Charges for services increased by \$85,934 (7.1%) 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 \$45,911 (7.6%) and reflect a decrease of \$26,323 (3.9%) from the fiscal year 2016 actual amount due to fluctuations in caseloads and public safety efforts.

Investment income increased from fiscal year 2016 by \$17,003 (143.0%).

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):**

**General Fund Expenditure Highlights:**

Hart County, Georgia's General Fund expenditures totaled \$10,827,205 compared to \$10,872,330 for the prior fiscal year, which represents a decrease of \$45,125 (0.4%) from the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, \$6,092,434 (56.3%) was related to public safety as compared to \$5,894,935 (54.2%) in the prior fiscal year.

**General Fund Expenditures by Function:**

	<u>9/30/2017</u>	<u>9/30/2016</u>
General government	\$ 1,697,712	\$ 1,718,916
Judicial	1,033,147	1,064,171
Public safety	6,092,434	5,894,935
Public works	1,099,774	1,199,079
Health and welfare	349,158	407,674
Recreation and culture	394,635	396,859
Housing and development	<u>160,345</u>	<u>190,696</u>
Total General Fund expenditures	<u>\$ 10,827,205</u>	<u>\$ 10,872,330</u>

General government expenditures were \$1,697,712. Total general government expenditures were under the final budget by \$151,817 and under the original budget by \$30,334. 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 \$1,033,147. This amount was \$72,586 below the final budget and \$63,667 below the original budget.

Public safety expenditures totaled \$6,092,434 for the current fiscal year. These expenditures were under the final budget by \$38,552 and under the original budget by \$24,595.

Public works expenditures were \$1,099,774, which was below the final budget by \$143,995 and under the original budget by \$313,290.

Health and welfare expenditures were \$349,158, with no variance from the final budget and \$17,597 over the original budget.

Recreation and culture expenditures were \$394,635, with no variance from the final budget and \$1,690 over the original budget.

Housing and development expenditures were \$160,345, which was \$17,114 less than the final budget and \$173,659 below the original budget.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):**

The following data includes the breakdown of public safety expenditures which represents approximately 56.3% of the total General Fund expenditures.

**Public Safety Expenditures:**

	<u>9/30/2017</u>	<u>9/30/2016</u>
Sheriff	\$ 2,158,964	\$ 2,098,030
Jail operations	1,664,754	1,515,306
Whitworth detention center	5,778	13,552
E911	51,732	51,461
Emergency medical services	2,086,724	2,069,088
Animal control	72,212	77,988
Other	<u>52,270</u>	<u>69,510</u>
Total public safety expenditures	\$ <u>6,092,434</u>	\$ <u>5,894,935</u>

**General Fund Budgetary Highlights:**

There were no net differences between the General Fund's original expenditure budget (including \$238,408 in net budgeted transfers to blended component units and other funds) of \$11,489,677 and the final amended budget. The budget amendments were mainly needed for the following expenditures:

General government department for additional costs related mainly to general liability insurance, building maintenance and capital outlay for a new roof. In addition, small increases were needed for data processing costs and tax assessor litigation expenses.

Judicial department for costs related to increased caseloads, as well as Superior Court's increased court reporting costs and capital outlay related to the purchase of a copier for the Superior Court.

Public safety department for higher than anticipated costs for workman's compensation insurance and medical care and housing for inmates, offset by cost savings in the EMS department for wages and group insurance.

Public health and welfare department for repairs, additional food, wages and transportation costs due to increased attendance, and capital outlay at the Senior Citizen's Center for an HVAC unit, as well as repairs at the Hart County Health Department.

The above budget shortfalls were covered by budget overages in various General Fund departments; primarily the public works department due to reduced wages and group insurance.

The original and final budget for General Fund revenues was \$11,529,267. Total revenues and transfers in for fiscal year 2017 were \$12,032,193, an increase of \$502,926 from the final budget. This variance is primarily attributed to the following:

Tax revenues were more than the final budget due to increases in current year real and personal property tax collections as well as continued collections of prior years' real and personal property taxes.

Charges for services were more than the final budget due to an increase in emergency medical fees.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):**

**General Fund Budgetary Highlights: (Continued)**

Fines and forfeitures revenue was 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>9/30/2017</u>	<u>9/30/2016</u>
Nonspendable	\$ 84,784	\$ 60,003
Restricted	4,406,915	4,309,242
Unassigned	-	-
Total other governmental funds fund balance	\$ <u>4,491,699</u>	\$ <u>4,369,245</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 2017 consist primarily of \$645,800 representing an award passed through the Georgia Department of Transportation under the Local Maintenance and Road Improvement Program, \$7,840 for Georgia EMS Trauma and First Responder's grants, \$13,898 from the Federal Emergency Management Agency for a Hazard Mitigation Update grant, and \$10,761 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 2017 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. Construction began in fiscal year 2016, but neither project is yet complete. Additional funds are expected to be drawn down in fiscal year 2018.

***SPLOST #4 Fund:*** The SPLOST #4 Fund is 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 2017 was \$2,829,118. At the end of fiscal year 2017, this fund had \$2,583,785 in fund balance. The primary SPLOST #4 projects in fiscal year 2017 included roads repairs and improvements, water system capital improvements, industrial development projects, and capital projects for the cities of Hartwell, Canon and Royston.

***Insurance Premium Tax Fund:*** The Insurance Premium Tax Fund, a major special revenue fund, had a \$63,624 fund balance increase in fiscal year 2017 from \$161,302 to \$224,926. Revenues in this fund increased by \$68,557 from the previous fiscal year. Expenditures decreased by \$65,617 from the prior fiscal year. Expenditures in this fund are mainly for public safety (fire) and public works (road department).

***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 was a new loan made in fiscal year 2017 of \$450,000. The EIP fund had a decrease in fund balance of \$244,069 in fiscal year 2017 from \$543,019 to \$298,950. This decrease is related to the new loan made in 2017, offset by principal and interest collections on previous loans.

***Other Nonmajor Governmental Funds:*** For fiscal year 2017, the nonmajor governmental funds reported combined ending fund balances of \$676,626, of which \$659,573 is restricted and \$17,053 is nonspendable.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**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 \$1,314,312 in fiscal year 2017, as compared to \$1,150,585 in fiscal year 2016. Operating expenses of \$1,198,255 were recorded in fiscal year 2017, as compared to \$1,097,946 in fiscal year 2016.

**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 \$736,500 and operating expenses of \$1,214,135 in fiscal year 2017, as compared to \$19,980 and \$248,594, respectively, in fiscal year 2016. The increase in both revenues and expenditures is due mainly to a \$600,000 pass-through grant and lease purchase project costs.

**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 \$25,850 and operating expenses of \$105,006 in fiscal year 2017, as compared to \$25,860 and \$104,891, respectively, in fiscal year 2016.

**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 \$1,373,042 and operating expenses of \$1,402,022 in fiscal year 2017, as compared to \$1,248,968 and \$1,136,900, respectively, in fiscal year 2016.

**CAPITAL ASSETS AND NONCURRENT LIABILITIES:**

**Hart County, Georgia  
Summary Schedules of Capital Assets, Net of Depreciation  
September 30, 2017 and 2016  
(\$ in thousands)**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,264	\$ 1,253	\$ 4,893	\$ 5,980	\$ 6,157	\$ 7,233
Construction in progress	1,220	945	61	1,696	1,281	2,641
Buildings	7,301	7,163	192	192	7,493	7,355
Machinery and equipment	2,282	2,413	284	287	2,566	2,700
Vehicles	2,709	2,723	32	32	2,741	2,755
Water and sewer lines	-	-	19,353	17,272	19,353	17,272
Infrastructure	28,312	28,807	3,414	3,498	31,726	32,305
Recreational upgrades	2,607	2,666	-	-	2,607	2,666
Total capital assets, net	<u>\$45,695</u>	<u>\$45,970</u>	<u>\$ 28,229</u>	<u>\$ 28,957</u>	<u>\$73,924</u>	<u>\$74,927</u>

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**CAPITAL ASSETS AND NONCURRENT LIABILITIES (CONTINUED):**

**Capital Assets:** Hart County, Georgia's investment in capital assets at September 30, 2017 for the primary government amounted to \$73,923,533, net of accumulated depreciation, as compared to \$74,926,723 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 1.3% decrease in capital assets for the current fiscal year was mainly related to the sale of land totaling \$1.1 million in IBA and current year depreciation, offset by current year additions as described below.

Major capital asset additions during the current fiscal year included the following:

- Buildings
- Walking trails
- Site improvements at Gateway Industrial Park
- Vehicles, including ambulance, fire, and police vehicles
- Machinery and equipment
- Various road and water system infrastructure projects

**Noncurrent Liabilities:** Noncurrent liabilities of the primary government decreased by \$69,949 during fiscal year 2017, mainly due to reduced current maturities on notes payable, offset by additional liabilities for compensated absences.

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

**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 4.1% as of November 30, 2017.

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 96.5% in 2017, which far exceeds the state of Georgia graduation rate of 80.6%. Only fifty school districts in Georgia recorded a 2017 graduation rate of 90 percent or above and Hart County's rate is the highest percentage recorded in the last twelve years. 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 opened in fiscal year 2017.

**HART COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

**ECONOMIC FORECAST (CONTINUED):**

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 as well as focusing on the existing Highway 29 industrial park near Hartwell. The County has focused on recruiting higher skilled jobs with a net result of increasing manufacturing wages by 20% to 25% over the next five-year period. Economic development efforts in both industrial parks as well as assisting already established businesses have secured approximately 3,000 new jobs and more than 600 million dollars in new development within the County.

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 2018 budget.

(1) The overall tax digest has decreased from its peak in 2009 due to the collapse of the real estate market along with assessment irregularities experienced during the period from 2009 through 2012. The tax revenues have not been impacted significantly due to the revenue neutral millage calculation restrictions. In addition, the County is beginning to experience a slight increase in the net value through new construction from industry and residential expansion 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 increase sales tax revenues which should further aid in easing the property tax burden.

(3) With the upturn in the overall economy, interest rates are expected to rise slightly in fiscal year 2018. The County focuses its cash reserves in stable interest-bearing vehicles. This also helps in a small way to lessen the property tax burden.

**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, 2017**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 7,588,744	\$ 1,664,992	\$ 9,253,736	\$ 341,765
Receivables (net of allowance for uncollectibles)	2,050,277	325,101	2,375,378	30,452
Intergovernmental receivables	428,721	-	428,721	-
Inventory	124,425	31,574	155,999	-
Internal balances	6,680	(6,680)	-	-
Prepaid items	226,397	29,991	256,388	2,366
Current portion of restricted cash	475,178	29,880	505,058	30,732
Note receivables	706,182	-	706,182	-
<b>Total current assets</b>	<b>11,606,604</b>	<b>2,074,858</b>	<b>13,681,462</b>	<b>405,315</b>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	2,483,594	4,954,406	7,438,000	-
Depreciable, net	43,210,928	23,274,605	66,485,533	82,156
Restricted cash, less current portion	-	691,530	691,530	-
<b>Total noncurrent assets</b>	<b>45,694,522</b>	<b>28,920,541</b>	<b>74,615,063</b>	<b>82,156</b>
<b>Total assets</b>	<b>57,301,126</b>	<b>30,995,399</b>	<b>88,296,525</b>	<b>487,471</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Proportionate share of deferred pension outflows	-	-	-	245,229
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,229</b>
<b>Total assets and deferred outflows of resources</b>	<b>57,301,126</b>	<b>30,995,399</b>	<b>88,296,525</b>	<b>732,700</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	412,929	154,247	567,176	5,042
Other accrued items	110,413	46,298	156,711	-
Customer deposits	1,000	119,285	120,285	-
Compensated absences	437,306	8,601	445,907	31,000
Current portion of notes payable	-	622,388	622,388	-
Current portion of landfill postclosure costs	-	40,275	40,275	-
<b>Total current liabilities</b>	<b>961,648</b>	<b>991,094</b>	<b>1,952,742</b>	<b>36,042</b>
<b>Noncurrent liabilities</b>				
Compensated absences, less current portion	244,917	7,646	252,563	26,723
Net pension liability	-	-	-	732,318
Notes payable, less current portion	-	5,388,531	5,388,531	-
Landfill postclosure care costs, less current portion	-	84,468	84,468	-
<b>Total noncurrent liabilities</b>	<b>244,917</b>	<b>5,480,645</b>	<b>5,725,562</b>	<b>759,041</b>
<b>Total liabilities</b>	<b>1,206,565</b>	<b>6,471,739</b>	<b>7,678,304</b>	<b>795,083</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Proportionate share of deferred pension inflows	-	-	-	2,338
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,338</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,206,565</b>	<b>6,471,739</b>	<b>7,678,304</b>	<b>797,421</b>
<b>NET POSITION</b>				
Net investment in capital assets	45,694,522	22,213,003	67,907,525	82,156
Restricted for				
Public safety	325,323	-	325,323	-
Economic development	298,950	-	298,950	-
Health and welfare	478,172	-	478,172	-
Judicial	18,761	-	18,761	-
Recreation and culture	-	-	-	30,732
Housing and development	42,813	-	42,813	-
Capital projects	3,242,896	562,706	3,805,602	-
Debt service	-	158,704	158,704	-
Unrestricted	5,993,124	1,589,247	7,582,371	(177,609)
<b>Total net position</b>	<b>\$56,094,561</b>	<b>\$24,523,660</b>	<b>\$80,618,221</b>	<b>\$ (64,721)</b>

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

**HART COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

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			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 1,876,483	\$ 79,649	\$ 50,328	\$ -	\$ (1,746,506)	\$ -	\$ (1,746,506)	\$ -
Judicial	1,034,099	753,035	-	-	(281,064)	-	(281,064)	-
Public health and welfare	386,322	116,747	63,825	-	(205,750)	-	(205,750)	-
Public safety	7,265,484	1,667,405	3,084	7,840	(5,587,155)	-	(5,587,155)	-
Public works	4,172,487	-	72,583	834,016	(3,265,888)	-	(3,265,888)	-
Recreation and culture	488,448	55,711	-	32,607	(400,130)	-	(400,130)	-
Housing and development	365,554	13,535	-	-	(352,019)	-	(352,019)	-
Total governmental activities	<u>15,588,877</u>	<u>2,686,082</u>	<u>189,820</u>	<u>874,463</u>	<u>(11,838,512)</u>	<u>-</u>	<u>(11,838,512)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,198,255	1,277,652	36,660	-	-	116,057	116,057	-
IBA	1,316,312	-	736,500	-	-	(579,812)	(579,812)	-
JDA	119,005	-	25,850	-	-	(93,155)	(93,155)	-
HCWSA	1,411,792	1,370,827	2,215	167,741	-	128,991	128,991	-
Total business-type activities	<u>4,045,364</u>	<u>2,648,479</u>	<u>801,225</u>	<u>167,741</u>	<u>-</u>	<u>(427,919)</u>	<u>(427,919)</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 19,634,241</u>	<u>\$ 5,334,561</u>	<u>\$ 991,045</u>	<u>\$ 1,042,204</u>	<u>\$ (11,838,512)</u>	<u>\$ (427,919)</u>	<u>\$ (12,266,431)</u>	<u>\$ -</u>
<b>Component units</b>	<u>\$ 931,669</u>	<u>\$ 220,859</u>	<u>\$ 638,835</u>	<u>\$ 8,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,537)</u>
<b>General revenues</b>								
Real and personal property taxes					6,663,509	-	6,663,509	-
Motor vehicle taxes and title fees					783,762	-	783,762	-
Sales taxes					4,908,436	-	4,908,436	-
Other taxes					1,141,805	-	1,141,805	-
Alcoholic beverage taxes					70,787	-	70,787	-
Investment earnings					63,055	3,855	66,910	981
Miscellaneous					58,754	-	58,754	-
(Loss) on sale of fixed assets					-	(100,364)	(100,364)	-
Total general revenues					<u>13,690,108</u>	<u>(96,509)</u>	<u>13,593,599</u>	<u>981</u>
Transfers					<u>(856,517)</u>	<u>833,811</u>	<u>(22,706)</u>	<u>-</u>
Total general revenues and transfers					<u>12,833,591</u>	<u>737,302</u>	<u>13,570,893</u>	<u>981</u>
Change in net position					995,079	309,383	1,304,462	(62,556)
Net position, beginning of year					55,099,482	24,243,698	79,343,180	(67,163)
Prior period adjustment					-	(29,421)	(29,421)	64,998
Net position, end of year					<u>\$ 56,094,561</u>	<u>\$ 24,523,660</u>	<u>\$ 80,618,221</u>	<u>\$ (64,721)</u>

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

**HART COUNTY, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2017**

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>								
Cash and cash equivalents	\$3,837,916	-	\$ 135	\$2,632,930	\$ 278,343	\$ 279,844	\$ 559,576	\$ 7,588,744
Inventory	76,124	-	-	48,301	-	-	-	124,425
Receivables (net of allowance for uncollectibles)	1,919,929	2,164	-	-	-	19,106	109,078	2,050,277
Intergovernmental receivables	73,388	-	109,472	245,861	-	-	-	428,721
Due from other funds	11,417	230,371	-	-	-	-	-	241,788
Prepaid items	189,914	-	-	-	19,430	-	17,053	226,397
Restricted cash	-	475,178	-	-	-	-	-	475,178
<b>Total assets</b>	<b>\$6,108,688</b>	<b>\$ 707,713</b>	<b>\$ 109,607</b>	<b>\$2,927,092</b>	<b>\$ 297,773</b>	<b>\$ 298,950</b>	<b>\$ 685,707</b>	<b>\$ 11,135,530</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 143,538	\$ 298	\$ 82,360	\$ 112,936	\$ 67,553	-	\$ 6,244	\$ 412,929
Other accrued liabilities	79,769	-	27,112	-	1,363	-	2,169	110,413
Due to other funds	-	3	135	230,371	3,931	-	668	235,108
Customer deposits	1,000	-	-	-	-	-	-	1,000
<b>Total liabilities</b>	<b>224,307</b>	<b>301</b>	<b>109,607</b>	<b>343,307</b>	<b>72,847</b>	<b>-</b>	<b>9,081</b>	<b>759,450</b>
<b>Deferred inflows of resources</b>								
Unavailable revenue - property taxes	223,367	-	-	-	-	-	-	223,367
<b>Total deferred inflows of resources</b>	<b>223,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,367</b>
<b>Fund balances</b>								
Nonspendable inventory and prepaid items	266,038	-	-	48,301	19,430	-	17,053	350,822
Restricted for:								
Public safety	-	-	-	-	205,496	-	119,827	325,323
Economic development	-	-	-	-	-	298,950	-	298,950
Health and welfare	-	-	-	-	-	-	478,172	478,172
Judicial	-	-	-	-	-	-	18,761	18,761
Housing and development	-	-	-	-	-	-	42,813	42,813
Capital projects	-	707,412	-	2,535,484	-	-	-	3,242,896
Unassigned	5,394,976	-	-	-	-	-	-	5,394,976
<b>Total fund balances</b>	<b>5,661,014</b>	<b>707,412</b>	<b>-</b>	<b>2,583,785</b>	<b>224,926</b>	<b>298,950</b>	<b>676,626</b>	<b>10,152,713</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$6,108,688</b>	<b>\$ 707,713</b>	<b>\$ 109,607</b>	<b>\$2,927,092</b>	<b>\$ 297,773</b>	<b>\$ 298,950</b>	<b>\$ 685,707</b>	<b>\$ 11,135,530</b>

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, 2017**

**Total fund balance of governmental funds** **\$ 10,152,713**

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	\$ 723,670	
Less 60-day collections reported as a receivable at the fund level	<u>(17,488)</u>	
		706,182

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	1,263,595	
Construction in progress	1,219,999	
Buildings	10,201,324	
Machinery, equipment and other	5,471,742	
Vehicles	5,820,520	
Infrastructure	61,050,621	
Recreational upgrades	3,030,564	
Less: accumulated depreciation	<u>(42,363,843)</u>	
Total capital assets		45,694,522

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		223,367
--------------------------------------	--	---------

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>(682,223)</u>
----------------------	--	------------------

**Net position of governmental activities** **\$ 56,094,561**

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

**HART COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

	<u>GENERAL</u>	<u>MULTIPLE GRANT</u>	<u>CDBG</u>	<u>SPLOST #4</u>	<u>INSURANCE PREMIUM TAX</u>	<u>EIP</u>	<u>NONMAJOR</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>								
Taxes	\$9,642,605	\$ -	\$ -	\$2,829,118	\$1,094,009	\$ -	\$ -	\$ 13,565,732
Licenses and permits	57,886	-	-	-	-	-	-	57,886
Intergovernmental	198,366	678,299	174,653	-	-	-	-	1,051,318
Fines and forfeitures	650,911	-	-	-	-	-	98,944	749,855
Charges for services	1,292,799	-	-	-	-	-	467,970	1,760,769
Investment earnings	28,897	3,877	-	13,563	4,429	23,018	2,834	76,618
Contributions and donations	-	7,948	-	-	-	-	-	7,948
Miscellaneous	160,229	-	-	-	145	187,857	7,406	355,637
<b>Total revenues</b>	<u>12,031,693</u>	<u>690,124</u>	<u>174,653</u>	<u>2,842,681</u>	<u>1,098,583</u>	<u>210,875</u>	<u>577,154</u>	<u>17,625,763</u>
<b>EXPENDITURES</b>								
Current								
General government	1,697,712	-	-	-	50,938	4,944	-	1,753,594
Judicial	1,033,147	-	-	-	-	-	6,489	1,039,636
Health and welfare	349,158	-	-	-	-	-	73,118	422,276
Public safety	6,092,434	14,767	-	3,919	384,021	-	873,736	7,368,877
Public works	1,099,774	-	-	9,297	600,000	-	-	1,709,071
Recreation and culture	394,635	-	-	1,328	-	-	-	395,963
Housing and development	160,345	-	-	2,826	-	450,000	-	613,171
Intergovernmental	-	-	169,243	467,829	-	-	-	637,072
Capital outlay	-	996,763	-	727,308	-	-	-	1,724,071
<b>Total expenditures</b>	<u>10,827,205</u>	<u>1,011,530</u>	<u>169,243</u>	<u>1,212,507</u>	<u>1,034,959</u>	<u>454,944</u>	<u>953,343</u>	<u>15,663,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,204,488</u>	<u>(321,406)</u>	<u>5,410</u>	<u>1,630,174</u>	<u>63,624</u>	<u>(244,069)</u>	<u>(376,189)</u>	<u>1,962,032</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers out	(221,927)	-	(5,410)	(679,480)	-	-	(500)	(907,317)
Transfers in	500	-	-	-	-	-	50,300	50,800
<b>Total other financing sources (uses)</b>	<u>(221,427)</u>	<u>-</u>	<u>(5,410)</u>	<u>(679,480)</u>	<u>-</u>	<u>-</u>	<u>49,800</u>	<u>(856,517)</u>
Net change in fund balances	983,061	(321,406)	-	950,694	63,624	(244,069)	(326,389)	1,105,515
Fund balances, beginning of year	4,677,953	1,028,818	-	1,633,091	161,302	543,019	1,003,015	9,047,198
<b>Fund balances, end of year</b>	<u>\$5,661,014</u>	<u>\$ 707,412</u>	<u>\$ -</u>	<u>\$2,583,785</u>	<u>\$ 224,926</u>	<u>\$ 298,950</u>	<u>\$ 676,626</u>	<u>\$ 10,152,713</u>

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, 2017**

**Net changes in fund balances of governmental funds:** **\$ 1,105,515**

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	\$ 2,346,499	
Depreciation expense	<u>(2,622,106)</u>	
Excess of depreciation expense and other capital asset expenses over capital outlay		(275,607)

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.

Note receivable issued	450,000	
Payments received	<u>(187,857)</u>	
Total note receivable issued, net of repayment proceeds		262,143

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 @ 9/30/17	(682,223)	
Liability @ 9/30/16	<u>582,684</u>	
Total increase in compensated absences		(99,539)

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 9/30/17	223,367	
Deferred revenue at 9/30/16	<u>(220,800)</u>	
Total increase in deferred revenue		<u>2,567</u>

**Change in net position of governmental activities** **\$ 995,079**

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

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2017**

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 503,479	\$ 275,240	\$ 43,797	\$ 842,476	\$ 1,664,992
Receivables (net of allowance for uncollectibles)	133,605	35,014	-	156,482	325,101
Due from General Fund	-	-	-	-	-
Inventory	13,911	-	-	17,663	31,574
Prepaid items	-	14,908	271	14,812	29,991
Current portion of restricted cash	-	-	25,819	4,061	29,880
Total current assets	<u>650,995</u>	<u>325,162</u>	<u>69,887</u>	<u>1,035,494</u>	<u>2,081,538</u>
<b>Noncurrent assets</b>					
<b>Capital assets, non-depreciable</b>					
Land	-	3,514,461	1,309,359	69,649	4,893,469
Construction in progress	-	-	-	60,937	60,937
Total non-depreciable capital assets at cost	<u>-</u>	<u>3,514,461</u>	<u>1,309,359</u>	<u>130,586</u>	<u>4,954,406</u>
<b>Capital assets, depreciable</b>					
Buildings	252,685	-	-	-	252,685
Machinery, equipment and other	596,992	7,734	31,374	121,584	757,684
Vehicles	113,180	-	-	-	113,180
Water and sewer lines	-	-	-	22,979,652	22,979,652
Infrastructure	-	-	4,230,343	-	4,230,343
Less: accumulated depreciation	(513,798)	(5,801)	(835,544)	(3,703,796)	(5,058,939)
Total depreciable capital assets, net	<u>449,059</u>	<u>1,933</u>	<u>3,426,173</u>	<u>19,397,440</u>	<u>23,274,605</u>
Restricted cash, less current portion	-	691,530	-	-	691,530
Total noncurrent assets	<u>449,059</u>	<u>4,207,924</u>	<u>4,735,532</u>	<u>19,528,026</u>	<u>28,920,541</u>
<b>Total assets</b>	<u>1,100,054</u>	<u>4,533,086</u>	<u>4,805,419</u>	<u>20,563,520</u>	<u>31,002,079</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	62,071	11,353	2,579	78,244	154,247
Other accrued liabilities	2,740	6,936	20,864	15,758	46,298
Due to other funds	6,680	-	-	-	6,680
Customer deposits	-	-	-	119,285	119,285
Compensated absences	5,715	-	-	2,886	8,601
Current portion of notes payable	-	92,152	40,497	489,739	622,388
Current portion of landfill postclosure care costs	40,275	-	-	-	40,275
Total current liabilities	<u>117,481</u>	<u>110,441</u>	<u>63,940</u>	<u>705,912</u>	<u>997,774</u>
<b>Noncurrent liabilities</b>					
Compensated absences, less current portion	5,338	-	-	2,308	7,646
Notes payable, less current portion	-	2,853,582	452,945	2,082,004	5,388,531
Landfill postclosure care costs, less current portion	84,468	-	-	-	84,468
Total noncurrent liabilities	<u>89,806</u>	<u>2,853,582</u>	<u>452,945</u>	<u>2,084,312</u>	<u>5,480,645</u>
<b>Total liabilities</b>	<u>207,287</u>	<u>2,964,023</u>	<u>516,885</u>	<u>2,790,224</u>	<u>6,478,419</u>
<b>NET POSITION</b>					
Net investment in capital assets	449,059	570,660	4,242,090	16,951,194	22,213,003
Restricted					
Capital projects	-	551,250	11,456	-	562,706
Debt service	-	140,280	14,363	4,061	158,704
Unrestricted	<u>443,708</u>	<u>306,873</u>	<u>20,625</u>	<u>818,041</u>	<u>1,589,247</u>
<b>Total net position</b>	<u>\$ 892,767</u>	<u>\$ 1,569,063</u>	<u>\$ 4,288,534</u>	<u>\$ 17,773,296</u>	<u>\$ 24,523,660</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, 2017**

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
<b>OPERATING REVENUES</b>					
Intergovernmental	\$ 36,660	\$ 600,000	\$ 7,000	\$ -	\$ 643,660
Charges for services	1,277,652	-	-	1,370,827	2,648,479
Other operating revenues	-	136,500	18,850	2,215	157,565
Total operating revenues	<u>1,314,312</u>	<u>736,500</u>	<u>25,850</u>	<u>1,373,042</u>	<u>3,449,704</u>
<b>OPERATING EXPENSES</b>					
Personnel services	364,114	119,504	-	129,929	613,547
Professional services	915	46,550	9,520	75,878	132,863
Purchased property services	7,018	2,494	4,719	83,834	98,065
Other purchased services	728,018	37,398	3,629	113,698	882,743
Supplies and other	68,222	1,007,802	1,530	543,149	1,620,703
Depreciation	29,968	387	85,608	455,534	571,497
Total operating expenses	<u>1,198,255</u>	<u>1,214,135</u>	<u>105,006</u>	<u>1,402,022</u>	<u>3,919,418</u>
Operating income (loss)	<u>116,057</u>	<u>(477,635)</u>	<u>(79,156)</u>	<u>(28,980)</u>	<u>(469,714)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Capital grants	-	-	-	167,741	167,741
Interest expense	-	(102,177)	(13,999)	(9,770)	(125,946)
Investment earnings	2,685	442	14	714	3,855
(Loss) on disposal of capital asset	-	(100,364)	-	-	(100,364)
Total non-operating revenues (expenses)	<u>2,685</u>	<u>(202,099)</u>	<u>(13,985)</u>	<u>158,685</u>	<u>(54,714)</u>
Change in net position before transfers	118,742	(679,734)	(93,141)	129,705	(524,428)
Transfers in	-	398,308	45,582	389,921	833,811
Transfers out	-	-	-	-	-
Change in net position	118,742	(281,426)	(47,559)	519,626	309,383
Net position, beginning of year	774,025	1,879,910	4,336,093	17,253,670	24,243,698
Prior period adjustment	-	(29,421)	-	-	(29,421)
Net position, end of year	<u>\$ 892,767</u>	<u>\$ 1,569,063</u>	<u>\$ 4,288,534</u>	<u>\$17,773,296</u>	<u>\$ 24,523,660</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, 2017**

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 1,255,881	\$ -	\$ 18,850	\$ 1,351,363	\$ 2,626,094
Other operating receipts	36,660	736,500	7,010	2,215	782,385
Cash payments to suppliers for goods and services	(768,305)	(1,169,336)	(17,855)	(836,633)	(2,792,129)
Cash payments to employees for services	(360,777)	-	-	(112,613)	(473,390)
Net cash provided by (used in) operating activities	<u>163,459</u>	<u>(432,836)</u>	<u>8,005</u>	<u>404,332</u>	<u>142,960</u>
<b>Cash flows from non-capital financing activities:</b>					
Transfers in for operations	-	122,401	7,593	-	129,994
Net cash provided by non-capital financing activities	<u>-</u>	<u>122,401</u>	<u>7,593</u>	<u>-</u>	<u>129,994</u>
<b>Cash flows from capital and related financing activities:</b>					
Decrease in landfill closure/postclosure care costs	(40,275)	-	-	-	(40,275)
Principal paid on notes payable	-	(128,012)	(44,190)	(353,690)	(525,892)
Interest paid on notes payable	-	(102,268)	(14,248)	(9,734)	(126,250)
Proceeds from new bank loans	-	-	-	503,222	503,222
Transfers in for capital assets	-	-	-	203,972	203,972
Transfers in for capital debt service	-	222,780	39,689	353,690	616,159
Receipts from capital lease land sales	-	956,250	-	-	956,250
Acquisition and construction of capital assets	-	-	-	(1,066,957)	(1,066,957)
Net cash provided by (used in) capital and related financing activities	<u>(40,275)</u>	<u>948,750</u>	<u>(18,749)</u>	<u>(369,497)</u>	<u>520,229</u>
<b>Cash flows from investing activities:</b>					
Interest received on investments	2,685	442	14	714	3,855
Net cash provided by (used in) investing activities	<u>2,685</u>	<u>442</u>	<u>14</u>	<u>714</u>	<u>3,855</u>
Net increase (decrease) in cash and cash equivalents	125,869	638,757	(3,137)	35,549	797,038
Cash and cash equivalents, beginning of year	377,610	328,013	72,753	810,988	1,589,364
<b>Cash and cash equivalents, end of year</b>	<u>\$ 503,479</u>	<u>\$ 966,770</u>	<u>\$ 69,616</u>	<u>\$ 846,537</u>	<u>\$ 2,386,402</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 116,057	\$ (477,635)	\$ (79,156)	\$ (28,980)	\$ (469,714)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	29,968	387	85,608	455,534	571,497
Decrease (increase) in accounts receivable for operations	(21,771)	27,500	10	(18,019)	(12,280)
Decrease (increase) in inventory	26,740	-	-	(17,663)	9,077
Decrease (increase) in prepaid expenses	-	7,545	23	(37)	7,531
Increase (decrease) in accounts payable for operations	9,014	9,367	1,520	(1,899)	18,002
Increase (decrease) in due to other funds	114	-	-	-	114
Increase (decrease) in compensated absences	2,337	-	-	3,865	6,202
Increase (decrease) in other accrued expenses	1,000	-	-	11,419	12,419
Increase (decrease) in customer water deposits	-	-	-	112	112
Total adjustments	<u>47,402</u>	<u>44,799</u>	<u>87,161</u>	<u>433,312</u>	<u>612,674</u>
Net cash provided by (used in) operating activities	<u>\$ 163,459</u>	<u>\$ (432,836)</u>	<u>\$ 8,005</u>	<u>\$ 404,332</u>	<u>\$ 142,960</u>
<b>Reconciliation of cash and cash equivalents to proprietary funds Statement of Net Position:</b>					
Cash and cash equivalents per Statement of Cash Flows	\$ 503,479	\$ 966,770	\$ 69,616	\$ 846,537	\$ 2,386,402
Current portion of restricted cash	-	-	(25,819)	(4,061)	(29,880)
Restricted cash, less current portion	-	(691,530)	-	-	(691,530)
Cash and cash equivalents per Statement of Net Position	<u>\$ 503,479</u>	<u>\$ 275,240</u>	<u>\$ 43,797</u>	<u>\$ 842,476</u>	<u>\$ 1,664,992</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, 2017**

	<b>Agency Funds Total</b>
<b>ASSETS</b>	
Cash	\$ 895,399
Taxes receivable	<u>829,534</u>
Total assets	<u>\$ 1,724,933</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 1,724,933</u>
Total liabilities	<u>\$ 1,724,933</u>

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

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**September 30, 2017**

	<b>Hart County Library</b>	<b>Hart County Health Department</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Cash and cash equivalents	\$ 74,974	\$ 266,791	\$ 341,765
Receivables (net of allowance for uncollectibles)	4,955	25,497	30,452
Prepaid items	2,366	-	2,366
Restricted cash and investments	30,732	-	30,732
Capital assets			
Machinery, equipment, and other	136,116	9,881	145,997
Books and collections	438,081	-	438,081
Less: accumulated depreciation	<u>(492,041)</u>	<u>(9,881)</u>	<u>(501,922)</u>
Capital assets, net of depreciation	<u>82,156</u>	<u>-</u>	<u>82,156</u>
Deferred outflows of resources			
Proportionate share of deferred pension outflows	<u>85,276</u>	<u>159,953</u>	<u>245,229</u>
Total deferred outflows of resources	<u>85,276</u>	<u>159,953</u>	<u>245,229</u>
<b>Total assets and deferred outflows     of resources</b>	<u>280,459</u>	<u>452,241</u>	<u>732,700</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities			
Accounts payable	3,263	1,779	5,042
Compensated absences due within one year	-	31,000	31,000
Non-current liabilities			
Compensated absences due after one year	-	26,723	26,723
Net pension liability	245,510	486,808	732,318
Deferred inflows of resources			
Proportionate share of deferred pension inflows	<u>1,214</u>	<u>1,124</u>	<u>2,338</u>
Total deferred outflows of resources	<u>1,214</u>	<u>1,124</u>	<u>2,338</u>
<b>Total liabilities and deferred inflows     of resources</b>	<u>249,987</u>	<u>547,434</u>	<u>797,421</u>
<b>NET POSITION</b>			
Investment in capital assets	82,156	-	82,156
Restricted for			
Children's reading books	30,732	-	30,732
Unrestricted	<u>(82,416)</u>	<u>(95,193)</u>	<u>(177,609)</u>
<b>Total net position</b>	<u>\$ 30,472</u>	<u>\$ (95,193)</u>	<u>\$ (64,721)</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, 2017**

	<b>Hart County Library</b>	<b>Hart County Health Department</b>	<b>Total</b>
<b>Expenses</b>			
Public health and welfare	\$ -	\$ 611,128	\$ 611,128
Recreation and culture	321,101	-	321,101
<b>Total expenses</b>	<u>321,101</u>	<u>611,128</u>	<u>932,229</u>
<b>Program revenues</b>			
Charges for services	13,913	206,946	220,859
Operating grants and contributions	250,091	388,744	638,835
Capital grants and contributions	8,438	-	8,438
<b>Total program revenues</b>	<u>272,442</u>	<u>595,690</u>	<u>868,132</u>
Net (expense) revenue	<u>(48,659)</u>	<u>(15,438)</u>	<u>(64,097)</u>
<b>General revenues</b>			
Investment earnings	981	-	981
Miscellaneous and other	560	-	560
<b>Total general revenues</b>	<u>1,541</u>	<u>-</u>	<u>1,541</u>
Change in net position	(47,118)	(15,438)	(62,556)
Net position, beginning	77,590	(144,753)	(67,163)
Prior period adjustment	-	64,998	64,998
<b>Net position, ending</b>	<u>\$ 30,472</u>	<u>\$ (95,193)</u>	<u>\$ (64,721)</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, 2017**

**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, 2016. 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, 2017**

**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, 2017. 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 became 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 a term of four years. 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 ("tap") 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, 2017. 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, 2017**

**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, 2017. 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, 2017**

**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 these 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, 2017**

**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 charges for ambulance services. The primary expenditures are for human services, public safety, public works, 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 walking trails and road resurfacing. 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 #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, 2017**

**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 and passthrough state grant awards for economic development. Operating expenses of the enterprise funds include the cost of those goods and services, pass-through grant expenditures and reimbursements to industries for job creation activities, 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, 2017**

**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 2016, other than vehicles, were levied and mailed on December 19, 2016. The taxes were based on January 1, 2016 assessed values and were due on March 20, 2017, 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, 2017**

**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 and improvements	10 to 80 years
Machinery, equipment and other	5 to 30 years
Vehicles	5 to 30 years
Books and collections	4 to 17 years
Infrastructure	10 to 80 years
Recreational upgrades	10 to 50 years
Water and sewer lines	15 to 50 years

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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 accumulation 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. Up to 240 hours of earned but unused compensatory and overtime pay can be carried forward. 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, 2017, 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, 2017**

**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, 2017**

**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 March 8, 2018, 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, 2017**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

*Budgetary Information (Continued)*

The proposed budget is then presented to the Hart County Board of Commissioners 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, 2017, 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, 2017**

**NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)**

The County's deposits are classified as follows at September 30, 2017:

	Category			Bank Balance	Carrying Amount
	1	2	2		
Primary Government	\$ 2,067,121	\$ 8,784,549	\$ 87,171	\$ 10,938,841	\$ 10,450,324
Discretely presented component units:					
Hart County Library	\$ 33,220	\$ 48,249	\$ -	\$ 81,469	\$ 74,974
Hart County Health Department	250,000	29,704	-	279,704	266,791
Total discretely presented component units	283,220	77,953	-	361,173	341,765
Total deposits	<u>\$ 2,350,341</u>	<u>\$ 8,862,502</u>	<u>\$ 87,171</u>	<u>\$ 11,300,014</u>	<u>\$ 10,792,089</u>

Primary Government Cash and Cash Equivalents Reconciliation:

<b><u>Primary Government Fund Reporting Level</u></b>	<b><u>Cash and Cash Equivalents</u></b>
Governmental funds – Balance Sheet	\$ 7,588,744
Governmental funds – Balance Sheet (restricted)	475,178
Proprietary funds – Statement of Net Position	1,664,992
Proprietary funds – Statement of Net Position (restricted)	<u>721,410</u>
Total cash and cash equivalents	<u>\$ 10,450,324</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 \$10,450,324 carrying amount of cash and cash equivalents for the primary government, \$7,818,654 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, 2017**

**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, 2017 are:

Georgia Fund I	AAAF rated by Standard & Poor's	\$ 7,818,654	26 day WAM
----------------	---------------------------------	--------------	------------

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, 2017, 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, 2017, all deposits of the County were adequately insured or collateralized. As of December 31, 2016, \$87,171 of IBA's deposits were not 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, 2017**

**NOTE 5 – RECEIVABLES (CONTINUED)**

Receivables at September 30, 2017 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:

	General Fund	Multiple Grant Fund	CDBG Fund	SPLOST #4 Fund	EIP Fund	Other Nonmajor Funds	Total Governmental Funds
Receivables:							
Property taxes	\$ 258,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,148
Accounts receivable	2,558,880	2,164	-	-	19,106	109,078	2,689,228
Intergovernmental	73,388	-	109,472	245,861	-	-	428,721
Total receivables, gross	2,890,416	2,164	109,472	245,861	19,106	109,078	3,376,097
Less: Allowance for uncollectibles	(897,099)	-	-	-	-	-	(897,099)
Total receivables, net	<u>\$ 1,993,317</u>	<u>\$ 2,164</u>	<u>\$ 109,472</u>	<u>\$ 245,861</u>	<u>\$ 19,106</u>	<u>\$ 109,078</u>	<u>\$ 2,478,998</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,670</u>	<u>\$ -</u>	<u>\$ 723,670</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, 2017, the remaining balance of the note is \$20,998 with a current amount receivable of \$16,149.

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, 2017, the remaining balance of the note is \$61,696 with a current amount receivable of \$61,696.

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, 2017, the remaining balance of the note is \$111,101 with a current amount of \$48,866.

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, 2017, the remaining balance of the note is \$113,267 with a current amount of \$13,961.

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

**NOTE 5 – RECEIVABLES (CONTINUED)**

**EIP Fund (Continued):**

During fiscal year 2017, the County entered into a third agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$450,000 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$5,946. As of September 30, 2017, the remaining balance of the note is \$416,609 with a current amount of \$58,512.

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>\$ 4,955</u>	<u>\$ 25,497</u>	<u>\$ 30,452</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

A summary of interfund receivables and payables as of September 30, 2017, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Insurance Premium Tax	General	\$ 3,931
Solid Waste	General	6,680
E-911	General	668
Multiple Grant	General	3
CDBG	General	135
SPLOST #4	Multiple Grant	<u>230,371</u>
		<u>\$ 241,788</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, 2017**

**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	E-911	Budgeted shortfall	\$ 50,000
General	Health Care Serv.		300
Confiscated Assets	General		500
			<u>\$ 50,800</u>
<i>Between governmental and business-type activities:</i>			
General	IBA	See (A) below	\$ 164,034
General	JDA	See (B) below	7,593
SPLOST #4	HCWSA	See (C) below	384,511
SPLOST #4	IBA	See (D) below	255,280
SPLOST #4	JDA	See (E) below	39,689
CDBG	HCWSA	See (F) below	5,410
			<u>\$ 856,517</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, 2017, the County made transfers between funds to include:

- (A) The General Fund transferred \$164,034 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, 2016 year end, so the amount recorded as transferred in by IBA is \$168,028, resulting in an outstanding transfer timing difference of (\$3,994).
- (B) The General Fund transferred \$7,593 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, 2017 year end, so the amount recorded as transferred in by JDA is \$5,893, resulting in an outstanding transfer timing difference of \$1,700.
- (C) The SPLOST #4 Fund transferred \$384,511 to the Hart County Water and Sewer Authority (a blended component unit treated as a proprietary fund by the County) for capital projects and payments on debt related to waterline expansion.
- (D) The SPLOST #4 Fund transferred \$255,280 to IBA for improvements and payments on debt to purchase several parcels of land for the Gateway Industrial Park. Due to the December 31, 2016 year end, the amount recorded as transferred in by IBA is \$230,280, resulting in an outstanding transfer timing difference of \$25,000.
- (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 \$5,410 to HCWSA for capital projects related to waterline expansion.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 7 - CAPITAL ASSETS**

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

	Beginning Balance	Prior Period Adjustment	Restated Balance September 30, 2016	Additions	Reclassifications and Retirements	Ending Balance
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
<b>Non-depreciable assets:</b>						
Land and improvements	\$ 1,252,595	\$ -	\$ 1,252,595	\$ 11,000	\$ -	\$ 1,263,595
Construction in progress	944,763	-	944,763	275,236	-	1,219,999
Total non-depreciable capital assets	<u>2,197,358</u>	<u>-</u>	<u>2,197,358</u>	<u>286,236</u>	<u>-</u>	<u>2,483,594</u>
<b>Depreciable assets:</b>						
Buildings	9,909,826	-	9,909,826	291,498	-	10,201,324
Machinery, equipment and other	5,412,745	-	5,412,745	58,997	-	5,471,742
Vehicles	5,557,069	-	5,557,069	263,451	-	5,820,520
Infrastructure	59,604,304	-	59,604,304	1,446,317	-	61,050,621
Recreational upgrades	3,030,564	-	3,030,564	-	-	3,030,564
Total depreciable capital assets	<u>83,514,508</u>	<u>-</u>	<u>83,514,508</u>	<u>2,060,263</u>	<u>-</u>	<u>85,574,771</u>
Less accumulated depreciation for:						
Buildings	(2,746,711)	-	(2,746,711)	(153,823)	-	(2,900,534)
Machinery, equipment and other	(2,999,506)	-	(2,999,506)	(190,575)	-	(3,190,081)
Vehicles	(2,833,685)	-	(2,833,685)	(277,274)	-	(3,110,959)
Infrastructure	(30,796,794)	-	(30,796,794)	(1,941,483)	-	(32,738,277)
Recreational upgrades	(365,041)	-	(365,041)	(58,951)	-	(423,992)
Total accumulated depreciation	<u>(39,741,737)</u>	<u>-</u>	<u>(39,741,737)</u>	<u>(2,622,106)</u>	<u>-</u>	<u>(42,363,843)</u>
Total depreciable capital assets, net	<u>43,772,771</u>	<u>-</u>	<u>43,772,771</u>	<u>(561,843)</u>	<u>-</u>	<u>43,210,928</u>
<b>Governmental activities capital assets, net</b>	<u>\$45,970,129</u>	<u>\$ -</u>	<u>\$ 45,970,129</u>	<u>\$ (275,607)</u>	<u>\$ -</u>	<u>\$ 45,694,522</u>
<b>Business-type activities:</b>						
<b>Non-depreciable assets:</b>						
Land and improvements	\$ 5,979,504	(29,421)	\$ 5,950,083	\$ -	\$(1,056,614)	\$ 4,893,469
Construction in progress	1,695,881	-	1,695,881	60,937	(1,695,881)	60,937
Total non-depreciable capital assets	<u>7,675,385</u>	<u>(29,421)</u>	<u>7,645,964</u>	<u>60,937</u>	<u>(2,752,495)</u>	<u>4,954,406</u>
<b>Depreciable assets:</b>						
Buildings	252,685	-	252,685	-	-	252,685
Machinery, equipment and other	721,219	-	721,219	36,465	-	757,684
Vehicles	113,180	-	113,180	-	-	113,180
Water and sewer lines	20,451,224	-	20,451,224	832,547	1,695,881	22,979,652
Infrastructure	4,230,343	-	4,230,343	-	-	4,230,343
Total depreciable capital assets	<u>25,768,651</u>	<u>-</u>	<u>25,768,651</u>	<u>869,012</u>	<u>1,695,881</u>	<u>28,333,544</u>
Less accumulated depreciation for:						
Buildings	(60,942)	-	(60,942)	-	-	(60,942)
Machinery, equipment and other	(434,440)	-	(434,440)	(38,722)	-	(473,162)
Vehicles	(81,166)	-	(81,166)	-	-	(81,166)
Water and sewer lines	(3,178,739)	-	(3,178,739)	(448,168)	-	(3,626,907)
Infrastructure	(732,155)	-	(732,155)	(84,607)	-	(816,762)
Total accumulated depreciation	<u>(4,487,442)</u>	<u>-</u>	<u>(4,487,442)</u>	<u>(571,497)</u>	<u>-</u>	<u>(5,058,939)</u>
Total depreciable capital assets, net	<u>21,281,209</u>	<u>-</u>	<u>21,281,209</u>	<u>297,515</u>	<u>1,695,881</u>	<u>23,274,605</u>
<b>Business-type activities capital assets, net</b>	<u>\$28,956,594</u>	<u>\$ (29,421)</u>	<u>\$ 28,927,173</u>	<u>\$ 358,452</u>	<u>\$(1,056,614)</u>	<u>\$ 28,229,011</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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, 2017 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	(7,905)	(1,976)	-	(9,881)
<b>Capital assets, net</b>	<u>\$ 1,976</u>	<u>\$ (1,976)</u>	<u>\$ -</u>	<u>\$ -</u>

**Hart County Library**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 127,482	\$ 8,634	\$ -	\$ 136,116
Books and collections	423,013	16,201	(1,133)	438,081
Less accumulated depreciation for:				
Machinery, equipment and other	(81,486)	(8,314)	-	(89,800)
Books and collections	(390,223)	(13,151)	1,133	(402,241)
<b>Capital assets, net</b>	<u>\$ 78,786</u>	<u>\$ 3,370</u>	<u>\$ -</u>	<u>\$ 82,156</u>

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

**Primary Government:**

**Governmental activities:**

General government	\$ 111,814
Housing and development	33,140
Judicial	5,444
Public health and welfare	18,383
Public safety	325,562
Public works	2,027,510
Recreation and culture	100,253
<b>Total depreciation expense - governmental activities</b>	<u>\$ 2,622,106</u>

**Business-type activities:**

Solid waste	\$ 29,968
Hart County Industrial Building Authority	387
Joint Development Authority of Franklin, Hart and Stephens Counties	85,608
Hart County Water and Sewer Authority	455,534
<b>Total depreciation expense - business-type activities</b>	<u>\$ 571,497</u>



**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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 \$1,284,040, which is net of accumulated depreciation of \$386,256.

*BLENDED 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. These tax abatement agreements are entered into under the authority of Georgia constitutional amendment, 1963 Ga. Laws, pp. 697.

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. Beginning on the dates specified below, each company will pay to IBA an annual lease payment and will pay to the County a payment in lieu of ad valorem taxes ("PILOT"). For leased property that is subject to a lien at the time the company transfers the property, IBA has guaranteed the debt secured by and limited to the amount of the collateral.

The amount of the PILOT payment to the County is based on the amount of ad valorem tax that would be owed if the property was held in the lessee's names, 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 approximately \$234,850 in foregone revenues under these tax abatement agreements entered into by the Hart County Industrial Building Authority. Of this amount, approximately \$156,998 would have been payable to the Hart County Board of Education for the school tax portion.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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	Employ and maintain employment for at least 10 individuals and invest \$4,000,000 in physical assets in Hart County, Georgia by 12/31/09.	\$ 3,990,000	\$1,500	12/31/10	12/30/11	12/31/22	Automatic annual renewals
Milbro Refractories, Inc.	8.58 acres land, 20,000 sq ft building and equipment	Employ and maintain employment for at least 5 individuals and invest \$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	Employ and maintain employment for at least 90 individuals and invest 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
SD Automotive Group Management, Inc.	Equipment	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	11/01/19	Automatic renewing option through 1/5/22
Tenneco Automotive Operating Company, Inc.	11 parcels of land, improvements and equipment	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
Linde + Wiemann Sales & Engineering Inc.	28.905 acres land, equipment and personal property	Employ and maintain employment for at least 201 individuals and invest \$64,000,000 in physical assets in Hart County, Georgia by 12/31/2022. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount needed to pay principal and interest payments on bond debt.	03/01/17	03/01/16	03/01/27	None
Haering Asset LP	36.75 acres land, equipment and personal property	Employ and maintain employment for at least 400 individuals and invest at least \$40,000,000 in physical assets in Hart County, Georgia within five years of completion. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount needed to pay principal and interest payments on bond debt.	05/01/17	05/01/16	05/01/33	None

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

**NOTE 8 – LEASES RECEIVABLE (CONTINUED)**

*BLENDED COMPONENT UNITS: (CONTINUED)*

**Hart County Industrial Building Authority (Continued)**

<b>Amount of PILOT Payment</b>													
(Based on percentage of amount that would be owed for ad valorem tax if property were held in Lessee's name)													
<b>Company</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Hart AgStrong, LLC	0%	20%	40%	60%	80%	100%	100%	-	-	-	-	-	-
Milbro Refractories, Inc.	70%	80%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ritz Instrument Transformers, Inc.	60%	70%	80%	90%	100%	-	-	-	-	-	-	-	-
SD Automotive Group Management, Inc.	40%	50%	60%	70%	80%	90%	100%	-	-	-	-	-	-
Tenneco Automotive Operating Company, Inc.	40%	50%	60%	70%	80%	90%	100%	-	-	-	-	-	-
Linde + Wiemann Sales & Engineering Inc.	-	-	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%	-
Haering Asset LP	-	-	-	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%

**Joint Development Authority of Franklin, Hart and Stephens Counties**

**Capital Lease**

Pursuant to the conduit debt obligation 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. This tax abatement agreement is entered into under the authority of Georgia constitutional amendment, 1963 Ga. Laws, pp. 697.

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. Beginning on the dates specified below, the company will pay to the County an annual payment in lieu of ad valorem taxes ("PILOT"). For leased property that is subject to a lien at the time the company transfers the property, JDA has guaranteed the debt secured by and limited to the amount of the collateral.

The amount of the PILOT payment to the County 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 percentage 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.

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

**NOTE 8 – LEASES RECEIVABLE (CONTINUED)**

*BLENDED COMPONENT UNITS: (CONTINUED)*

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

County property tax revenues were reduced by approximately \$85,334 in foregone revenues under this tax abatement agreement entered into by the Joint Development Authority of Franklin, Hart and Stephens Counties. Of this amount, approximately \$57,046 would have been payable to the Hart County Board of Education for the school tax portion.

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, 2017, NGN had prepaid the annual payment covering the rental for fiscal year 2018. The payment has been recorded as unearned revenue on the Statement of Net Position.

The net value of the property under lease is \$953,090, which is net of accumulated depreciation of \$44,910.

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

**NOTE 8 – LEASES RECEIVABLE (CONTINUED)**

*BLENDED COMPONENT UNITS: (CONTINUED)*

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

**Operating Lease (Continued)**

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

FY	
2018	\$ 18,850
2019	18,850
2020	18,850
2021	18,850
2022	18,850
Thereafter	<u>18,850</u>
Total	<u>\$ 113,100</u>

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, accounting principles generally accepted in the United States of America 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 \$124,743 reported as landfill closure and post closure care liability at September 30, 2017 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 2017. 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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

**Landfill Closure and Post Closure Care Costs (Continued)**

Noncurrent liability activity for the primary government for the year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 582,684	\$ 544,392	\$ (444,853)	\$ 682,223	\$ 437,306
Governmental activities noncurrent liabilities	<u>\$ 582,684</u>	<u>\$ 544,392</u>	<u>\$ (444,853)</u>	<u>\$ 682,223</u>	<u>\$ 437,306</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 10,045	\$ 23,835	\$ (17,633)	\$ 16,247	\$ 8,601
Landfill postclosure	165,018	-	(40,275)	124,743	40,275
Business-type activities noncurrent liabilities	<u>\$ 175,063</u>	<u>\$ 23,835</u>	<u>\$ (57,908)</u>	<u>\$ 140,990</u>	<u>\$ 48,876</u>

**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>	<u>Compensated Absences Liability</u>
Governmental activities:	
General Fund	\$ 643,847
E911 Fund	26,023
Insurance Premium Tax Fund	12,353
Total governmental activities	<u>\$ 682,223</u>
Business-type activities:	
Solid Waste Fund	\$ 11,053
Hart County Water & Sewer	5,194
	<u>\$ 16,247</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDING 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, 2016 was unconfirmed.

In March 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000 and recorded a bond issuance fee in the amount of \$50,000 as operating revenues. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Linde + Wiemann Sales & Engineering Inc. (the "L+W Company") 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 the L+W Company under a capital lease. IBA has no obligation to pay on the Series 2016 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 March 1, 2027. The outstanding balance of the Series 2016 bonds payable at December 31, 2016 was unconfirmed.

In October 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000 and recorded a bond issuance fee in the amount of \$80,000 as operating revenues. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Haering Asset LP 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 Haering Asset LP under a capital lease. IBA has no obligation to pay on the Series 2016 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 May 1, 2033. The outstanding balance of the Series 2016 bonds payable at December 31, 2016 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, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDED 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, 2016, 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, 2016 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>IBA</b>					
<b>Business-type activities:</b>					
Hart EMC note payable	\$ 142,500	\$ -	\$ (90,000)	\$ 52,500	\$ 52,500
USDA note payable	2,931,246	-	(38,012)	2,893,234	39,652
Business-type activities noncurrent liabilities	<u>\$ 3,073,746</u>	<u>\$ -</u>	<u>\$ (128,012)</u>	<u>\$ 2,945,734</u>	<u>\$ 92,152</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	94,689	45,591	140,280
2022 - 2026	448,207	253,193	701,400
2027 - 2031	399,849	301,551	701,400
2032 - 2036	342,430	358,970	701,400
2037 - 2041	273,621	427,779	701,400
2042 - 2046	191,906	509,494	701,400
2047 - 2051	94,578	606,822	701,400
2052 - 2053	6,771	222,834	229,605
Total	<u>\$ 2,246,171</u>	<u>\$ 2,945,734</u>	<u>\$ 5,191,905</u>
Less: Interest			<u>(2,246,171)</u>
Present value of minimum payments			<u>\$ 2,945,734</u>



**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDED COMPONENT UNITS (CONTINUED)*

**The Joint Development Authority of Franklin, Hart and Stephens Counties**

**Conduit Debt Obligations**

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, 2017 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.

Noncurrent liability activity for JDA for the year ended June 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>JDA</b>					
<b>Business-type activities:</b>					
Pinnacle Bank note payable	\$ 411,069	\$ -	\$ (25,440)	\$ 385,629	\$ 26,434
OneGeorgia note payable	126,563	-	(18,750)	107,813	14,063
Business-type activities noncurrent liabilities	<u>\$ 537,632</u>	<u>\$ -</u>	<u>\$ (44,190)</u>	<u>\$ 493,442</u>	<u>\$ 40,497</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDED COMPONENT UNITS (CONTINUED)*

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

**Notes Payable (Continued)**

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 13,254	\$ 40,497	\$ 53,751
2019	12,310	46,128	58,438
2020	11,362	47,076	58,438
2021	10,320	48,118	58,438
2022	9,271	49,167	58,438
2023 - 2027	29,284	187,910	217,194
2028 - 2029	2,950	74,546	77,496
<b>Total</b>	<b>\$ 88,751</b>	<b>\$ 493,442</b>	<b>\$ 582,193</b>
Less: Interest			(88,751)
Present value of minimum payments			<b>\$ 493,442</b>

**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, 2017, interest was recorded on this loan in the amount of \$6,317 as a nonoperating expense.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDED COMPONENT UNITS (CONTINUED)*

**Hart County Water and Sewer Authority (Continued)**

**Notes Payable (Continued)**

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, Rock Springs, and Mouchet Road areas of Hart County, Georgia. According to the terms of the loan agreement, 120 monthly payments of \$12,831 to include 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. As of September 30, 2017, the full \$2,000,000 had been drawn down, and the lender forgave the full \$500,000 (25%) of the principal balance of the loan, leaving a net initial liability of \$1,500,000. The first monthly payment will be due on November 1, 2017 and the loan will mature on October 1, 2027.

During the year ended September 30, 2017, HCWSA drew down \$670,963 related to this agreement, of which \$570,198 (85.04%) was federally funded and \$100,399 (14.96%) was funded by the state of Georgia. The amount reported as loan forgiveness revenue was \$167,741 (25% of total) and the remaining 80%, \$503,222, was reported under notes payable. During the year ended, September 30, 2017, construction period interest at 0.52% per annum in the amount of \$6,713 was recorded on this loan, of which \$3,113 was capitalized as part of construction in progress and \$3,600 was reported as a nonoperating expense for portions of the project placed in service.

Noncurrent liability activity for HCWSA for the year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>HCWSA</b>					
<b>Business-type activities:</b>					
DWSRF #11-002	\$ 1,425,433	\$ -	\$ (353,690)	\$ 1,071,743	\$ 355,463
DWSRF #13-017	996,778	503,222	-	1,500,000	134,276
Business-type activities noncurrent liabilities	<u>\$ 2,422,211</u>	<u>\$ 503,222</u>	<u>\$ (353,690)</u>	<u>\$ 2,571,743</u>	<u>\$ 489,739</u>

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*BLENDED COMPONENT UNITS (CONTINUED)*

**Hart County Water and Sewer Authority (Continued)**

**Notes Payable (Continued)**

Below is the schedule of future minimum obligated payments related to the DWSRF loans.

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 12,008	\$ 489,739	\$ 501,747
2019	9,515	504,459	513,974
2020	6,956	507,018	513,974
2021	5,212	148,754	153,966
2022	4,437	149,529	153,966
2023 - 2027	<u>10,419</u>	<u>772,244</u>	<u>782,663</u>
Total	<u>\$ 48,547</u>	<u>\$ 2,571,743</u>	<u>\$ 2,620,290</u>
Less: Interest			<u>(48,547)</u>
Present value of minimum payments			<u>\$ 2,571,743</u>

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

**Compensated Absences**

Activity related to compensated absences for the year ended September 30, 2017 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>1,329</u>	\$ <u>17,080</u>	\$ <u>(13,215)</u>	\$ <u>5,194</u>	\$ <u>2,886</u>

*DISCRETELY PRESENTED COMPONENT UNITS*

**Hart County Library**

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

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)**

*DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)*

**Hart County Health Department**

Noncurrent liability activity for the Health Department for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Health Department Business-type activities:</b>					
Compensated absences	\$ 55,525	\$ 33,365	\$ (31,167)	\$ 57,723	\$ 31,000

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, 2017, the County contributed \$78,846 to the plan, based on covered salaries of \$2,628,194. Total payroll was \$7,391,474. Plan members made voluntary contributions of \$135,367.

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.

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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 11 – PENSION PLANS (CONTINUED)**

Defined Compensation Plan (Continued)

- (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, 2017, net pension liability of \$245,510 and related deferred pension outflows and inflows of \$85,276 and \$1,214, 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 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, 2017, net pension liability of \$486,808 and related deferred net pension outflows and inflows of \$159,953 and \$1,124, 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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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.

**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.

**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.

IBA: In January 2016, IBA's Board executed an amended Memorandum of Understanding with Haering Precision USA LP to provide the funding for the costs of rock excavation under a commitment from Hart County, Georgia. Rock excavation is in progress. IBA and Haering Precision USA LP currently disagree as to the interpretation of a contract provision and the amount of liability related to the rock excavation. The final costs are unknown but \$364,580 has been budgeted to resolve this disagreement.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

IBA: In May 2016, IBA executed a right of first refusal and option agreement with Haering Asset LP to purchase an additional 18.8 acres adjoining the Haering Company's leased land located in the Gateway II Industrial Park for \$15,000 per acre by October 2026. As of September 31, 2017, this option has not been exercised.

IBA: In September 2016, IBA and the County 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 2018. The County committed to pay the required local match of \$123,838.

IBA: In October 2016, Haering Asset LP paid \$551,250 associated with the land sale/lease described in Note 8 and the funds are being held as restricted cash by IBA in preparation for assistance with site improvement costs.

**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, 2016):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2017	\$ 419,314
Plus expenditures to IBA between January 1, 2016 and September 30, 2016	307,400
Plus net expenditures recorded by the County in September but not received by IBA until October	33,127
Less expenditures to IBA between January 1, 2017 and September 30, 2017	<u>(361,533)</u>
Revenue reported by IBA for the fiscal year ended December 31, 2016	\$ <u>398,308</u>

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2017):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2017	\$ 47,282
Plus expenditures to JDA between July 1, 2016 and September 30, 2016	9,922
Less expenditures accrued by JDA in July 2016 but not submitted to the County for reimbursement until December 2016	(1,700)
Less expenditures to JDA between July 1, 2017 and September 30, 2017	<u>(9,922)</u>
Revenue reported by JDA for the fiscal year ended June 30, 2017	\$ <u>45,582</u>

Hart County Health Department (fiscal year ended June 30, 2017):

Total amount contributed or expended by Hart County on behalf of the Health Department ("HD") during the fiscal year ended September 30, 2017	\$ 80,000
Plus expenditures to the HD between July 1, 2016 and September 30, 2016	20,000
Less expenditures to the HD between July 1, 2017 and September 30, 2017	<u>(20,000)</u>
Revenue reported by the Health Department for the fiscal year ended June 30, 2017	\$ <u>80,000</u>



**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

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

*Hart County Library (fiscal year ended June 30, 2017):*

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2017	\$ 77,000
Plus expenditures to the Library between July 1, 2016 and September 30, 2016	19,250
Less expenditures to the Library between July 1, 2017 and September 30, 2017	<u>(19,250)</u>
Revenue reported by the Library for the fiscal year ended June 30, 2017	\$ <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, 2017. 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, 2017, the County paid \$23,015 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 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, 2017, 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	91.3%	\$ 2,308,216
Stephens County	0.0%	-
Franklin County	<u>8.7%</u>	<u>220,990</u>
Total	<u>100.0%</u>	\$ <u>2,529,206</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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, 2017, the percentage share of the LOST funds was allocated as follows:

City of Hartwell	21.00%
City of Royston	4.25%
City 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 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.

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 \$153,972 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.

Beginning January 1, 2015, the County entered into an intergovernmental agreement with IBA to reimburse IBA for costs related to a consulting agreement with Aeratus Enterprises, LLC for economic developer services.

In August 2017, the BOC approved a 2018 SPLOST #5 Intergovernmental Agreement and authorized the Chairman to execute the agreement on behalf of the County. The agreement allocates the proposed SPLOST #5 revenues between the County, the Town of Bowersville, and the Cities of Hartwell, Royston and Canon. See Note 20 for specific allocations approved subsequent to these financial statements.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 17 – RELATED PARTY TRANSACTIONS (CONTINUED)**

Through March 2017, HCWSA entered into management and 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, 2017 totaled \$57,505. Since March 2017, the Director is now an employee of HCWSA.

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 December 31, 2016, the Hart County Industrial Building Authority became aware that a non-cash transfer of 1.303 acres of land on September 29, 2014 to the County for the Georgia State Patrol project had not been recorded on IBA's books. IBA determined that a restatement of beginning net position was necessary to remove the cost basis of the land from the beginning non-depreciable capital assets and the related effect on non-operating expense not recorded in 2014.

Net position for IBA for the year ended December 31, 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	\$ 1,522,043	\$ 140,280	\$ 217,587	\$ 1,879,910
Prior period adjustment	<u>(29,421)</u>	<u>-</u>	<u>-</u>	<u>(29,421)</u>
As restated	<u>\$ 1,492,622</u>	<u>\$ 140,280</u>	<u>\$ 217,587</u>	<u>\$ 1,850,489</u>

**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, 2017, 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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**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 2018.
- 2) 2015 CDBG Project – Reed Creek: In August 2015, Hart County, Georgia 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 Hart County, Georgia. In April 2017, a formal amendment was approved by the Department of Community Affairs to add the Cokesbury Highway area. In September 2017, a contract in the amount of \$255,478 was awarded to Dale Construction for the Cokesbury Highway addition. Construction began in November 2017.
- 3) 2018 CDBG project: In November 2017, the HCWSA Board voted to apply for a \$750,000 Community Development Block Grant from the Georgia Department of Community Affairs and authorized the HCWSA Director to sign and accept a proposal for engineering services from Engineering Management, Inc. in an amount not to exceed \$107,000 and from Allen – Smith Consulting for grant preparation services in the amount of \$9,000. If the grant is awarded, it will be in the County's name.
- 4) A one percent Special Purpose Local Option Sales Tax (SPLOST #5) was approved by the voters of Hart County, Georgia in an election held on November 7, 2017. Collections will begin on April 1, 2018 for a period of six years. The estimated collections of \$16,025,100 are to be used as follows:
  - 1) \$3,600,000 for roads and bridges capital improvements
  - 2) \$3,200,000 for economic development capital improvements
  - 3) \$3,200,000 for water system capital improvements
  - 4) \$1,400,000 for fire department capital improvements
  - 5) \$1,240,000 for public safety vehicles and equipment
  - 6) \$500,000 for recreation capital improvements
  - 7) \$2,304,000 for the City of Hartwell
  - 8) \$358,400 for the City of Royston
  - 9) \$185,600 for the Town of Bowersville
  - 10) \$37,100 for the City of Canon
- 5) IBA: In November 2017, IBA issued in its name Series 2017 taxable industrial development revenue bonds in the amount of \$320,000,000 and collected a bond issuance fee in the amount of \$400,000. Monies obtained from the bond issuance will be used to acquire, improve and equip a manufacturing facility for Nestlé Purina Petcare Company, 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 Nestlé Purina Petcare Company under a capital lease. IBA has no obligation to pay on the Series 2017 bonds, therefore, neither the bond debt nor the capital lease will be included in the financial statements of IBA or the County. The bonds mature on October 1, 2033. IBA has also agreed to apply for a \$500,000 state grant on behalf of the company and will take title to the project under a sale/leaseback agreement in order to abate ad valorem property taxes over a staggered ten-year period as an incentive for the company to locate their operations in Hart County, Georgia. This project will provide 125 new jobs and \$110,000,000 in new community investments by 2020.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)**

- 6) JDA: In October 2017, the JDA Board approved the proposed sale of twelve acres of land located in Gateway Industrial Park for \$360,000 to an industrial prospect (the "Buyer"). Of this amount, \$270,000 (75%) would be returned to the Buyer for site preparation costs. The Board also approved a \$10,000,000 bond inducement resolution related to the Buyer's financing of the project. In addition to the \$10,000,000 investment, this project would provide approximately 40 new jobs.
  
- 7) HCWSA: 2015 GEFA project – Radio Read Retro Fit loan: 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, replacement, or installation of existing water meters to radio read meters. The HCWSA Board approved using only \$275,000 of this funding. In November 2017, the Board voted to authorize the Director to obtain the required HCWSA signatures regarding this loan and to request loan repayment guarantee approval from the County, which was approved by the BOC on November 28, 2017. The signed loan documents were submitted to GEFA in January 2018.

## **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, 2017**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 9,219,242	\$ 9,219,242	\$ 9,642,605	\$ 423,363
Licenses and permits	59,400	59,400	57,886	(1,514)
Intergovernmental	188,035	188,035	198,366	10,331
Fines and forfeitures	605,000	605,000	650,911	45,911
Charges for services	1,220,700	1,220,700	1,292,799	72,099
Investment earnings	3,300	3,300	28,897	25,597
Miscellaneous	233,590	233,090	160,229	(72,861)
<b>Total revenues</b>	<b>11,529,267</b>	<b>11,528,767</b>	<b>12,031,693</b>	<b>502,926</b>
<b>EXPENDITURES</b>				
Current expenditures				
General government				
General government	53,600	53,600	21,557	(32,043)
Board of elections	86,467	86,467	75,030	(11,437)
Data Processing	68,450	78,844	78,844	-
Professional	114,000	114,000	108,574	(5,426)
Executive	387,093	387,093	301,056	(86,037)
Tax commissioner	286,542	286,542	269,668	(16,874)
Tax assessors	486,740	495,148	495,148	-
Risk management	148,000	167,201	167,201	-
Buildings and properties	92,500	175,925	175,925	-
General administration fees	4,654	4,709	4,709	-
<b>Total general government</b>	<b>1,728,046</b>	<b>1,849,529</b>	<b>1,697,712</b>	<b>(151,817)</b>
Judicial				
Superior court	104,297	110,245	110,245	-
Clerk of superior court	334,022	335,200	335,200	-
Probate court	252,537	252,537	224,972	(27,565)
Juvenile court	61,172	61,172	39,632	(21,540)
Grand jury	38,500	38,500	34,737	(3,763)
Public defender	74,781	76,574	76,574	-
District attorney	36,788	36,788	36,264	(524)
Magistrate court	181,245	181,245	165,133	(16,112)
Board of equalization	13,472	13,472	10,390	(3,082)
<b>Total judicial</b>	<b>1,096,814</b>	<b>1,105,733</b>	<b>1,033,147</b>	<b>(72,586)</b>
Public Safety				
Sheriff	2,137,041	2,158,964	2,158,964	-
Jail operations	1,475,052	1,664,754	1,664,754	-
Whitworth women's center	12,000	12,000	5,778	(6,222)
Coroner and medical examiner	28,810	28,810	25,906	(2,904)
Emergency management	30,505	30,505	26,364	(4,141)
Emergency medical service	2,288,909	2,091,241	2,086,724	(4,517)
E-911 addressing and permitting	41,045	41,045	39,313	(1,732)
GIS services 911	18,868	18,868	12,419	(6,449)
Animal control	84,799	84,799	72,212	(12,587)
<b>Total public safety</b>	<b>6,117,029</b>	<b>6,130,986</b>	<b>6,092,434</b>	<b>(38,552)</b>

Continued on next page

**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, 2017  
(Required Supplementary Information)**

*Continued from previous page*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Public works administration	20,000	20,000	165	(19,835)
Highways & streets	871,061	701,766	590,945	(110,821)
Maintenance shop	522,003	522,003	508,664	(13,339)
Total public works	<u>1,413,064</u>	<u>1,243,769</u>	<u>1,099,774</u>	<u>(143,995)</u>
Public Health and Welfare				
Health	83,100	87,546	87,546	-
Welfare	28,200	28,200	28,200	-
Senior citizens center	112,241	119,710	119,710	-
Transportation services	108,020	113,702	113,702	-
Total public health and welfare	<u>331,561</u>	<u>349,158</u>	<u>349,158</u>	<u>-</u>
Recreation and Culture				
Recreation	315,945	317,635	317,635	-
Library administration	77,000	77,000	77,000	-
Total recreation and culture	<u>392,945</u>	<u>394,635</u>	<u>394,635</u>	<u>-</u>
Housing and Development				
Agricultural resources	88,820	88,820	72,343	(16,477)
Economic development & assistance	232,034	69,840	69,303	(537)
Airport authority	3,500	3,500	3,500	-
Community action programs	100	100	-	(100)
Adult basic education	9,550	15,199	15,199	-
Total housing and development	<u>334,004</u>	<u>177,459</u>	<u>160,345</u>	<u>(17,114)</u>
<b>Total expenditures</b>	<u>11,413,463</u>	<u>11,251,269</u>	<u>10,827,205</u>	<u>(424,064)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,804</u>	<u>277,498</u>	<u>1,204,488</u>	<u>926,990</u>
Other financing sources (uses)				
Carryover of funds	(39,590)	(39,590)	-	39,590
Transfers out	(76,214)	(238,408)	(221,927)	16,481
Transfers in	-	500	500	-
Total other financing sources (uses)	<u>(115,804)</u>	<u>(277,498)</u>	<u>(221,427)</u>	<u>56,071</u>
Net change in fund balance	-	-	983,061	983,061
Fund balance, beginning of year	<u>4,677,953</u>	<u>4,677,953</u>	<u>4,677,953</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 4,677,953</u></u>	<u><u>\$ 4,677,953</u></u>	<u><u>\$ 5,661,014</u></u>	<u><u>\$ 983,061</u></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, 2017**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,097,009	\$ 1,097,009	\$ 1,094,009	\$ (3,000)
Investment earnings	-	-	4,429	4,429
Miscellaneous	-	-	145	145
<b>Total revenues</b>	<u>1,097,009</u>	<u>1,097,009</u>	<u>1,098,583</u>	<u>1,574</u>
<b>EXPENDITURES</b>				
Current				
General government	46,807	50,938	50,938	-
Public safety	437,805	433,674	384,021	(49,653)
Public works	600,000	600,000	600,000	-
<b>Total expenditures</b>	<u>1,084,612</u>	<u>1,084,612</u>	<u>1,034,959</u>	<u>(49,653)</u>
Excess (deficiency) of revenues over (under) expenditures	12,397	12,397	63,624	51,227
Other financing sources (uses)				
Transfers in (out) - General Fund	(12,397)	(12,397)	-	12,397
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	63,624	63,624
Fund balances, beginning of year	161,302	161,302	161,302	-
<b>Fund balances, end of year</b>	<u>\$ 161,302</u>	<u>\$ 161,302</u>	<u>\$ 224,926</u>	<u>\$ 63,624</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, 2017**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 546,119	\$ 678,299	\$ 132,180
Investment earnings	-	-	3,877	3,877
Contributions & donations	-	-	7,948	7,948
<b>Total revenues</b>	<b>-</b>	<b>546,119</b>	<b>690,124</b>	<b>144,005</b>
<b>EXPENDITURES</b>				
Public safety	-	14,767	14,767	-
Capital outlay	1,475,926	1,461,159	996,763	(464,396)
<b>Total expenditures</b>	<b>1,475,926</b>	<b>1,475,926</b>	<b>1,011,530</b>	<b>(464,396)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,475,926)	(929,807)	(321,406)	608,401
Fund balances, beginning of year	1,028,818	1,028,818	1,028,818	-
<b>Fund balances, end of year</b>	<b>\$ (447,108)</b>	<b>\$ 99,011</b>	<b>\$ 707,412</b>	<b>\$ 608,401</b>

**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, 2017**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 17,500	\$ 23,018	\$ 23,018	\$ -
Miscellaneous revenues	-	187,857	187,857	-
<b>Total revenues</b>	<u>17,500</u>	<u>210,875</u>	<u>210,875</u>	<u>-</u>
<b>EXPENDITURES</b>				
General government	4,000	4,944	4,944	-
Housing and development	-	450,000	450,000	-
<b>Total expenditures</b>	<u>4,000</u>	<u>454,944</u>	<u>454,944</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	13,500	(244,069)	(244,069)	-
Fund balances, beginning of year	<u>543,019</u>	<u>543,019</u>	<u>543,019</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 556,519</u></u>	<u><u>\$ 298,950</u></u>	<u><u>\$ 298,950</u></u>	<u><u>\$ -</u></u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2017**

**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, 2017, 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, 2017**

Special Revenue Funds									
	Confiscated Assets	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
<b>ASSETS</b>									
Cash and cash equivalents	\$ 906	\$ 100,107	\$ 21,304	\$ 5,205	\$ 16,731	\$ 42,913	\$ 18,761	\$ 353,649	\$ 559,576
Receivables (net of allowance for uncollectibles)	-	-	4,116	98,787	6,175	-	-	-	109,078
Prepaid items	-	1,200	-	15,853	-	-	-	-	17,053
<b>Total assets</b>	<b>\$ 906</b>	<b>\$ 101,307</b>	<b>\$ 25,420</b>	<b>\$ 119,845</b>	<b>\$ 22,906</b>	<b>\$ 42,913</b>	<b>\$ 18,761</b>	<b>\$ 353,649</b>	<b>\$ 685,707</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 386	\$ 2,686	\$ 2,454	\$ 100	\$ -	\$ 618	\$ 6,244
Other accrued items	-	-	-	2,169	-	-	-	-	2,169
Due to other funds	-	-	-	668	-	-	-	-	668
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>386</b>	<b>5,523</b>	<b>2,454</b>	<b>100</b>	<b>-</b>	<b>618</b>	<b>9,081</b>
<b>Fund balances</b>									
Nonspendable	-	1,200	-	15,853	-	-	-	-	17,053
Restricted	906	100,107	25,034	98,469	20,452	42,813	18,761	353,031	659,573
<b>Total fund balances</b>	<b>906</b>	<b>101,307</b>	<b>25,034</b>	<b>114,322</b>	<b>20,452</b>	<b>42,813</b>	<b>18,761</b>	<b>353,031</b>	<b>676,626</b>
<b>Total liabilities and fund balances</b>	<b>\$ 906</b>	<b>\$ 101,307</b>	<b>\$ 25,420</b>	<b>\$ 119,845</b>	<b>\$ 22,906</b>	<b>\$ 42,913</b>	<b>\$ 18,761</b>	<b>\$ 353,649</b>	<b>\$ 685,707</b>

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

Special Revenue Funds									
	Confiscated Assets	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
<b>REVENUES</b>									
Charges for services	\$ -	\$ 69,020	\$ -	\$ 398,950	\$ -	\$ -	\$ -	\$ -	\$ 467,970
Fines and forfeitures	-	-	41,188	-	47,800	-	9,956	-	98,944
Investment earnings	-	-	2	62	2	24	-	2,744	2,834
Miscellaneous	1,406	-	-	-	-	6,000	-	-	7,406
<b>Total revenues</b>	<u>1,406</u>	<u>69,020</u>	<u>41,190</u>	<u>399,012</u>	<u>47,802</u>	<u>6,024</u>	<u>9,956</u>	<u>2,744</u>	<u>577,154</u>
<b>EXPENDITURES</b>									
Current									
Judicial	-	-	-	-	-	-	6,489	-	6,489
Public safety	-	-	52,767	457,698	33,512	-	-	329,759	873,736
Health and welfare	-	62,421	-	-	-	10,697	-	-	73,118
<b>Total expenditures</b>	<u>-</u>	<u>62,421</u>	<u>52,767</u>	<u>457,698</u>	<u>33,512</u>	<u>10,697</u>	<u>6,489</u>	<u>329,759</u>	<u>953,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,406</u>	<u>6,599</u>	<u>(11,577)</u>	<u>(58,686)</u>	<u>14,290</u>	<u>(4,673)</u>	<u>3,467</u>	<u>(327,015)</u>	<u>(376,189)</u>
<b>OTHER FINANCING SOURCES</b>									
Transfers out	(500)	-	-	-	-	-	-	-	(500)
Transfers in	-	-	-	50,000	-	-	-	300	50,300
<b>Total other financing sources (uses)</b>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>49,800</u>
Net change in fund balances	906	6,599	(11,577)	(8,686)	14,290	(4,673)	3,467	(326,715)	(326,389)
Fund balances, beginning of year	-	94,708	36,611	123,008	6,162	47,486	15,294	679,746	1,003,015
<b>Fund balances, end of year</b>	<u>\$ 906</u>	<u>\$ 101,307</u>	<u>\$ 25,034</u>	<u>\$ 114,322</u>	<u>\$ 20,452</u>	<u>\$ 42,813</u>	<u>\$ 18,761</u>	<u>\$ 353,031</u>	<u>\$ 676,626</u>



**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:**

**Confiscated Assets – Vice Control Fund** – This fund is used to account for the proceeds from sales of confiscated vehicles and is designated for use by law enforcement for investigative purposes.

**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**  
**CONFISCATED ASSETS - VICE CONTROL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 500	\$ 1,406	\$ 906
<b>Total revenues</b>	<u>-</u>	<u>500</u>	<u>1,406</u>	<u>906</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	500	1,406	906
Other financing sources (uses)				
Transfers in (out) - General Fund	-	(500)	(500)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	906	906
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 906</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 47,800	\$ 69,020	\$ 69,020	\$ -
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>47,800</u>	<u>69,020</u>	<u>69,020</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Health and welfare	-	62,421	62,421	-
<b>Total expenditures</b>	<u>-</u>	<u>62,421</u>	<u>62,421</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	47,800	6,599	6,599	-
Fund balances, beginning of year	<u>94,708</u>	<u>94,708</u>	<u>94,708</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 142,508</u></u>	<u><u>\$ 101,307</u></u>	<u><u>\$ 101,307</u></u>	<u><u>\$ -</u></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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 22,000	\$ 41,188	\$ 41,188	\$ -
Investment earnings	-	2	2	-
<b>Total revenues</b>	<u>22,000</u>	<u>41,190</u>	<u>41,190</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Public safety	10,500	52,767	52,767	-
<b>Total expenditures</b>	<u>10,500</u>	<u>52,767</u>	<u>52,767</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	11,500	(11,577)	(11,577)	-
Fund balances, beginning of year	<u>36,611</u>	<u>36,611</u>	<u>36,611</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 48,111</u></u>	<u><u>\$ 25,034</u></u>	<u><u>\$ 25,034</u></u>	<u><u>\$ -</u></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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 437,700	\$ 407,601	\$ 398,950	\$ (8,651)
Investment earnings	-	-	62	62
<b>Total revenues</b>	<u>437,700</u>	<u>407,601</u>	<u>399,012</u>	<u>(8,589)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	466,287	466,287	457,698	(8,589)
<b>Total expenditures</b>	<u>466,287</u>	<u>466,287</u>	<u>457,698</u>	<u>(8,589)</u>
Excess (deficiency) of revenues over (under) expenditures	(28,587)	(58,686)	(58,686)	-
Other financing sources (uses)				
Transfers in (out) - General Fund	-	50,000	50,000	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(28,587)	(8,686)	(8,686)	-
Fund balances, beginning of year	123,008	123,008	123,008	-
<b>Fund balances, end of year</b>	<u>\$ 94,421</u>	<u>\$ 114,322</u>	<u>\$ 114,322</u>	<u>\$ -</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 34,000	\$ 35,612	\$ 47,800	\$ 12,188
Investment earnings	-	-	2	2
<b>Total revenues</b>	<u>34,000</u>	<u>35,612</u>	<u>47,802</u>	<u>12,190</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>31,900</u>	<u>33,512</u>	<u>33,512</u>	-
<b>Total expenditures</b>	<u>31,900</u>	<u>33,512</u>	<u>33,512</u>	-
Excess (deficiency) of revenues over (under) expenditures	2,100	2,100	14,290	12,190
Fund balances, beginning of year	<u>6,162</u>	<u>6,162</u>	<u>6,162</u>	-
<b>Fund balances, end of year</b>	<u><u>\$ 8,262</u></u>	<u><u>\$ 8,262</u></u>	<u><u>\$ 20,452</u></u>	<u><u>\$ 12,190</u></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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	-	24	24	-
Miscellaneous	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
<b>Total revenues</b>	<u>6,000</u>	<u>6,024</u>	<u>6,024</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Health and welfare	8,500	10,697	10,697	-
<b>Total expenditures</b>	<u>8,500</u>	<u>10,697</u>	<u>10,697</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(2,500)	(4,673)	(4,673)	-
Fund balances, beginning of year	47,486	47,486	47,486	-
<b>Fund balances, end of year</b>	<u>\$ 44,986</u>	<u>\$ 42,813</u>	<u>\$ 42,813</u>	<u>\$ -</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 6,489	\$ 9,956	\$ 3,467
<b>Total revenues</b>	<u>-</u>	<u>6,489</u>	<u>9,956</u>	<u>3,467</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	6,489	6,489	-
<b>Total expenditures</b>	<u>-</u>	<u>6,489</u>	<u>6,489</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	3,467	3,467
Fund balances, beginning of year	<u>15,294</u>	<u>15,294</u>	<u>15,294</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 15,294</u>	<u>\$ 15,294</u>	<u>\$ 18,761</u>	<u>\$ 3,467</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 242,000	\$ -	\$ -	\$ -
Investment earnings	-	-	2,744	2,744
<b>Total revenues</b>	<u>242,000</u>	<u>-</u>	<u>2,744</u>	<u>2,744</u>
<b>EXPENDITURES</b>				
Current				
Public safety	342,500	342,500	329,759	(12,741)
<b>Total expenditures</b>	<u>342,500</u>	<u>342,500</u>	<u>329,759</u>	<u>(12,741)</u>
Excess (deficiency) of revenues over (under) expenditures	(100,500)	(342,500)	(327,015)	15,485
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	300	300
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(100,500)	(342,500)	(326,715)	15,785
Fund balances, beginning of year	679,746	679,746	679,746	-
<b>Fund balances, end of year</b>	<u>\$ 579,246</u>	<u>\$ 337,246</u>	<u>\$ 353,031</u>	<u>\$ 15,785</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, 2017**

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 326,199	\$ 385,680	\$ 52,523	\$ 22,347	\$ 108,650	\$ 895,399
Taxes receivable	829,534	-	-	-	-	829,534
<b>Total assets</b>	<u>\$ 1,155,733</u>	<u>\$ 385,680</u>	<u>\$ 52,523</u>	<u>\$ 22,347</u>	<u>\$ 108,650</u>	<u>\$ 1,724,933</u>
<b>LIABILITIES</b>						
Due to others	<u>\$ 1,155,733</u>	<u>\$ 385,680</u>	<u>\$ 52,523</u>	<u>\$ 22,347</u>	<u>\$ 108,650</u>	<u>\$ 1,724,933</u>

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**For the Year Ended September 30, 2017**

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
<b>ASSETS</b>						
Cash, beginning	\$ 325,315	\$ 320,080	\$ 83,384	\$ 23,378	\$ 115,003	\$ 867,160
Additions	23,408,014	1,020,584	603,211	246,685	242,997	25,521,491
Deductions	(23,407,130)	(954,984)	(634,072)	(247,716)	(249,350)	(25,493,252)
Cash, ending	<u>326,199</u>	<u>385,680</u>	<u>52,523</u>	<u>22,347</u>	<u>108,650</u>	<u>895,399</u>
Taxes receivable, beginning	914,021	-	-	-	-	914,021
Additions	17,618,161	-	-	-	-	17,618,161
Deductions	(17,702,648)	-	-	-	-	(17,702,648)
Taxes receivable, ending	<u>829,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829,534</u>
<b>Total assets</b>	<u><b>\$ 1,155,733</b></u>	<u><b>\$ 385,680</b></u>	<u><b>\$ 52,523</b></u>	<u><b>\$ 22,347</b></u>	<u><b>\$ 108,650</b></u>	<u><b>\$ 1,724,933</b></u>
<b>LIABILITIES</b>						
Due to others, beginning	\$ 1,239,336	\$ 320,080	\$ 83,384	\$ 23,378	\$ 115,003	\$ 1,781,181
Additions	23,408,014	1,020,584	603,211	246,685	242,997	25,521,491
Deductions	(23,491,617)	(954,984)	(634,072)	(247,716)	(249,350)	(25,577,739)
Due to others, ending	<u>1,155,733</u>	<u>385,680</u>	<u>52,523</u>	<u>22,347</u>	<u>108,650</u>	<u>1,724,933</u>
<b>Total liabilities</b>	<u><b>\$ 1,155,733</b></u>	<u><b>\$ 385,680</b></u>	<u><b>\$ 52,523</b></u>	<u><b>\$ 22,347</b></u>	<u><b>\$ 108,650</b></u>	<u><b>\$ 1,724,933</b></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 #4)**  
**For the Year Ended September 30, 2017**

<b>Project</b>	<b>Estimated Cost</b>		<b>Expenditures</b>		<b>Total</b>	<b>Estimated Percentage of Completion</b>
	<b>Original</b>	<b>Current</b>	<b>Prior Years</b>	<b>Current Year</b>		
Roads, streets and bridges	\$ 3,994,880	\$ 3,994,880	\$ 2,820,716	\$ 450,369	\$ 3,271,085	81.88%
Water system capital outlay	3,200,000	3,200,000	1,298,627	384,511	1,683,138	52.60%
Industrial development capital outlay	3,200,000	3,200,000	1,844,459	573,031	2,417,490	75.55%
Capital outlay projects for the City of Royston	358,400	358,400	287,449	23,457	310,906	86.75%
Capital outlay projects for the Town of Bowersville	185,600	185,600	155,000	15,000	170,000	91.59%
Capital outlay projects for the City of Canon	37,120	37,120	15,141	21,979	37,120	100.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	1,725,140	407,393	2,132,533	92.56%
Fire protection equipment	1,360,000	1,360,000	943,714	14,919	958,633	70.49%
Recreational facilities	1,360,000	1,360,000	1,272,765	1,328	1,274,093	93.68%
<b>Total</b>	<b>\$ 16,000,000</b>	<b>\$ 16,000,000</b>	<b>\$ 10,363,011</b>	<b>\$ 1,891,987</b>	<b>\$ 12,254,998</b>	

**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 Royston, Canon and Hartwell and the Town of Bowersville

**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  
Kyle G. Brown

March 8, 2018

**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, 2017, 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 March 8, 2018. 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  
March 8, 2018

**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 March 8, 2018.

**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*