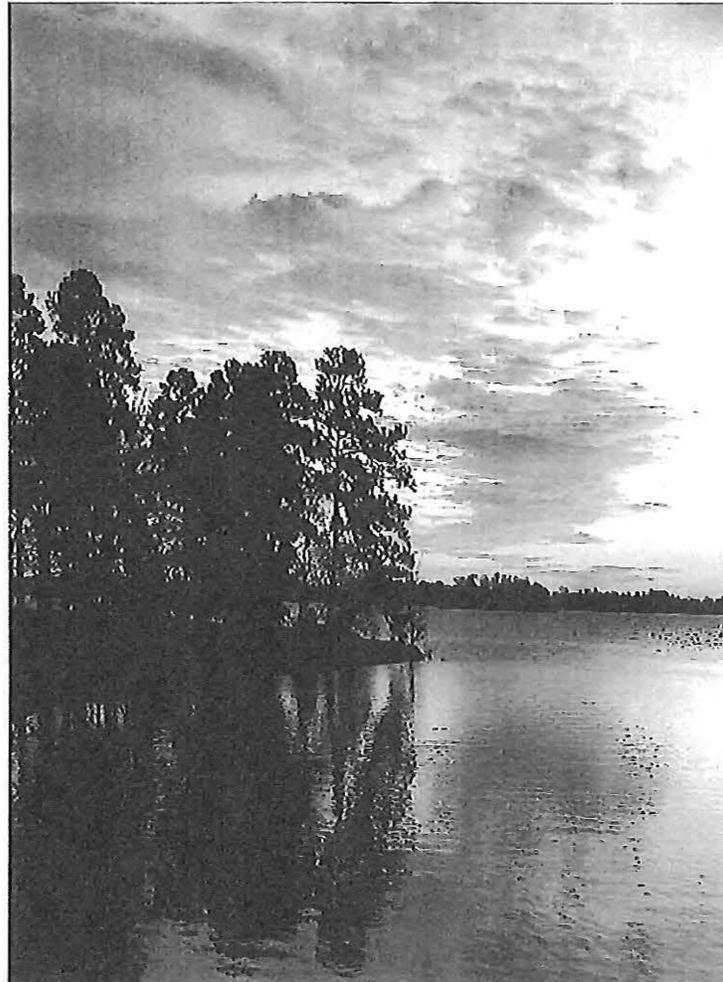


HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2022



Part I
Introductory Section



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**HART COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2022**

ELECTED

Marshall Sayer, Chairman, County Commissioner, District Three

Joey Dorsey, Vice-Chairman, County Commissioner, District Five

Michael Bennett, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Jeff Brown, 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
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Hartwell, Georgia 30643
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Lisa Carmichael, CPA
Kristi J. Robinson
Rylee K. Duncan
Ruth D. Hein

July 13, 2023

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022, 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.

We did not audit the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, which represents 82.5%, 102.8%, and 73.8%, 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 opinions, insofar as it relates to the amounts included for the Hart County Health Department, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hart County, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
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July 13, 2023

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 3
July 13, 2023

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 5 through 18 and 70 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements, nonmajor budgetary schedules, the schedules of projects constructed with special purpose local option sales tax proceeds required by the Official Code of Georgia 48-8-121, the source and application of funds and project cost schedules required under the Community Development Block Grant ("CDBG") requirements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents on pages 78 through 94 and pages 100 through 102 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the nonmajor budgetary schedules, the schedules of projects constructed with special purpose local option sales tax proceeds required by the Official Code of Georgia 48-8-121, the source and application of funds and project cost schedules required under the Community Development Block Grant ("CDBG") requirements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 4
July 13, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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, 2022**

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 19 and 20 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 and rental fees for camping sites. 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 financial 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, 2022

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 eighteen (18) governmental funds. The nine (9) major funds, the General Fund; Jail Construction Project Fund, SPLOST #4, SPLOST #5, and CDBG Fund (capital projects funds); and the Insurance Premium Tax Fund, Multiple Grant Fund, American Rescue Program Act (ARPA) 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 nine (9) 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 Fund, Hotel-Motel Tax Fund (special revenue fund) 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 Corp of Engineers Sites 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 25 through 27 of this report.

Fiduciary Funds – Custodial Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These custodial funds are not reported in the government-wide statements. The basic fiduciary - custodial fund financial statements are found on pages 28 and 29 of this report.

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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 30 through 31.

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 32 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, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Hart County, Georgia
Summary Statements of Net Position
September 30, 2022 and 2021
(\$ in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets:						
Cash and investments	\$ 23,901	\$ 19,214	\$ 4,690	\$ 4,019	\$ 28,591	\$ 23,233
Other assets	35,176	7,843	1,133	780	36,309	8,623
Noncurrent assets	45,904	41,904	32,166	30,787	78,070	72,691
Total assets	<u>104,981</u>	<u>68,961</u>	<u>37,989</u>	<u>35,586</u>	<u>142,970</u>	<u>104,547</u>
Liabilities:						
Current liabilities	9,692	3,628	1,138	771	10,830	4,399
Noncurrent liabilities	25,749	354	3,653	3,926	29,402	4,280
Total liabilities	<u>35,441</u>	<u>3,982</u>	<u>4,791</u>	<u>4,697</u>	<u>40,232</u>	<u>8,679</u>
Deferred Inflows:						
Deferred inflows	357	-	-	-	357	-
Total deferred inflows	<u>357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357</u>	<u>-</u>
Net position:						
Net investment in capital assets	20,185	41,904	28,102	26,477	48,287	68,381
Restricted	35,706	12,140	481	482	36,187	12,622
Unrestricted	13,292	10,935	4,615	3,930	17,907	14,865
Total net position	<u>\$ 69,183</u>	<u>\$ 64,979</u>	<u>\$ 33,198</u>	<u>\$ 30,889</u>	<u>\$ 102,381</u>	<u>\$ 95,868</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, 2022, the County's assets for governmental activities exceeded liabilities by \$69.2 million and the County's assets for business-type activities exceeded liabilities by \$33.2 million bringing the total primary government net position to more than \$102 million.

Of the \$102 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 47.2% 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 \$36.2 million out of which \$32.0 million is restricted for capital projects, \$0.5 million is restricted for health and welfare, \$0.3 million is restricted for economic development, \$3.3 million is restricted for public safety, and \$0.2 million is restricted for debt service. Restricted net position accounts for 35.3% of total net position. Finally, unrestricted net position of \$17.9 million, or 17.5% 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, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Hart County, Georgia
Summary Statements of Activities
For the Years Ended September 30, 2022 and 2021
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,833	\$ 2,723	\$ 4,357	\$ 3,817	\$ 7,190	\$ 6,540
Operating grants/contributions	1,023	512	411	1,629	1,434	2,141
Capital grants/contributions	1,556	794	232	48	1,788	842
General revenues:						
Property taxes	7,653	7,654	-	-	7,653	7,654
Motor vehicle taxes	1,638	1,569	-	-	1,638	1,569
Sales taxes	9,768	7,896	-	-	9,768	7,896
Other taxes	1,896	1,696	-	-	1,896	1,696
Interest	164	34	16	3	180	37
Miscellaneous	237	87	110	182	347	269
Total revenues	<u>26,768</u>	<u>22,965</u>	<u>5,126</u>	<u>5,679</u>	<u>31,894</u>	<u>28,644</u>
Expenses:						
Governmental activities	20,410	18,245	-	-	20,410	18,245
Business-type activities	-	-	4,509	5,534	4,509	5,534
Total expenses	<u>20,410</u>	<u>18,245</u>	<u>4,509</u>	<u>5,534</u>	<u>24,919</u>	<u>23,779</u>
Excess (deficiency) before transfers	<u>6,358</u>	<u>4,720</u>	<u>617</u>	<u>145</u>	<u>6,975</u>	<u>4,865</u>
Transfers	<u>(2,154)</u>	<u>(837)</u>	<u>1,692</u>	<u>860</u>	<u>(462)</u>	<u>23</u>
Change in net position	<u>4,204</u>	<u>3,883</u>	<u>2,309</u>	<u>1,005</u>	<u>6,513</u>	<u>4,888</u>
Net position, beginning	64,979	62,411	30,889	29,884	95,868	92,295
Prior period adjustment	-	(1,315)	-	-	-	(1,315)
Net position, ending	<u>\$ 69,183</u>	<u>\$ 64,979</u>	<u>\$ 33,198</u>	<u>\$ 30,889</u>	<u>\$ 102,381</u>	<u>\$ 95,868</u>

The table above is included for the purpose of comparing government-wide financial Statements of Activities for the fiscal year ended September 30, 2022 with fiscal year 2021.

For governmental activities, grants and contributions were \$2.6 million in fiscal year 2022, which is \$1.3 million more than the amount in fiscal year 2021 due to a grant from the American Rescue Plan and a Community Development Block Grant received in fiscal year 2022. Real, personal property, and motor vehicle taxes were approximately the same amount in fiscal year 2022 as in 2021. Local option sales tax and special option sales tax increased by \$1.9 million in fiscal year 2022 compared to 2021.

Business-type activities total revenues decreased \$.6 million between fiscal year 2022 and 2021 due mainly to a decrease in capital grants and contributions offset by decreases in expenses.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

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

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

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, 2022, the County's governmental funds reported a combined fund balance of \$48,836,567, an increase of \$25,730,379 compared to fiscal year 2021. Of this amount, \$12,400,229 (25.4%) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, \$730,635 (1.5%) is nonspendable and \$35,705,703 (73.1%) is restricted.

HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS

General Fund Components of Fund Balance:

<u>Fund Balance Component</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Nonspendable	\$ 395,052	\$ 314,624
Restricted	-	-
Unassigned	<u>12,400,229</u>	<u>10,401,122</u>
Total General Fund fund balance	\$ <u>12,795,281</u>	\$ <u>10,715,746</u>

The General Fund is the chief operating fund for the County. At the end of fiscal year 2022, the General Fund's total fund balance was \$12,795,281 of which \$12,400,229 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 88.6% of total General Fund expenditures while total General Fund fund balance represents approximately 91.4% 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, 2022, the fund balance includes \$11,834,447 in cash. The noncash portion of the fund balance includes \$214,908 in EMS accounts receivable, net of allowance for bad debts, and \$800,846 in uncollected property taxes, local option sales taxes ("LOST"), title ad valorem taxes ("TAVT"), and other taxes/revenue.

General Fund Revenue Highlights:

Hart County, Georgia's General Fund revenues totaled \$16,275,448, which represents an increase of \$1,009,392 over the previous fiscal year. The major revenue sources are listed in the following chart. Real and personal property tax collections accounted for 47.0% of General Fund revenues. Motor vehicle and title fees accounted for 10.1%, charges for services accounted for 8.4%, and sales and use tax collections accounted for 25.4% of total General Fund revenues. Other revenue sources included other taxes, fines and forfeitures, license and permits, earnings on investments, intergovernmental revenues and miscellaneous income.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Revenues by Source:

	<u>9/30/2022</u>	<u>9/30/2021</u>
Real and personal property taxes	\$ 7,641,485	\$ 7,673,840
Motor vehicle and title fees	1,637,802	1,568,509
Sales and use tax	4,137,618	3,345,151
Other taxes	133,357	134,428
Licenses and permits	126,571	53,696
Intergovernmental	198,045	292,969
Fines and forfeitures	672,252	655,166
Charges for services	1,371,680	1,310,113
Investment earnings	82,848	5,401
Other revenue	<u>273,790</u>	<u>226,783</u>
Total General Fund revenues	<u>\$ 16,275,448</u>	<u>\$ 15,266,056</u>

Total General Fund taxes collected by the County were \$13,550,262. Real and personal property taxes were \$32,085 (.4%) less than the fiscal year 2022 budgeted amount while motor vehicle and title fees were \$50,678 (3.2%) more than the budgeted amount. The County collected \$1,084,072 (35.5%) more than anticipated in the fiscal year 2022 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 2022 decreased \$94,924 (32.4%) over the prior year, mainly due to a nonrecurring capital grant of \$52,521 received during the prior fiscal year from the Department of Transportation as well as a reduction in operating grants from the Department of Transportation of \$59,283.

Charges for services increased by \$61,567 (4.7%) over fiscal year 2021 due primarily to an increase in fees from recreation and funds for the School Resource Officer.

Fines and forfeitures were more than the anticipated final budgeted amount by \$200,231 (42.4%) and reflect an increase of \$17,086 (2.6%) from the fiscal year 2021 actual amount due to fluctuations in caseloads.

Investment income increased from fiscal year 2021 by \$77,447 (1,433.9%) due to an increase in the interest rate on the State of Georgia Local Government Investment Pool "Georgia Fund 1" investments and additional funds invested.

General Fund Expenditure Highlights:

Hart County, Georgia's General Fund expenditures totaled \$13,997,893 compared to \$12,883,464 for the prior fiscal year, which represents an increase of \$1,114,429 (8.7%) from the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, \$7,720,699 (55.2%) was related to public safety as compared to \$7,307,967 (56.7%) in the prior fiscal year.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Expenditure Highlights (Continued):

General Fund Expenditures by Function:

	<u>9/30/2022</u>	<u>9/30/2021</u>
General government	\$ 2,540,624	\$ 2,266,594
Judicial	1,201,649	1,171,437
Public safety	7,720,699	7,307,967
Public works	1,590,190	1,232,052
Health and welfare	368,357	378,793
Recreation and culture	446,990	432,318
Housing and development	<u>129,384</u>	<u>94,303</u>
Total General Fund expenditures	<u>\$ 13,997,893</u>	<u>\$ 12,883,464</u>

General government expenditures were \$2,540,624. Total general government expenditures were under the final budget by \$156,337 and over the original budget by \$224,617. 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 \$1,201,649, which was below the final budget by \$68,898 and under the original budget by \$42,039.

Public safety expenditures totaled \$7,720,699 for the current fiscal year. These expenditures were under the final budget by \$93,071 and over the original budget by \$27,098.

Public works expenditures were \$1,590,190, which was below the final budget by \$109,766 and below the original budget by \$11,396.

Health and welfare expenditures were \$368,357, which was below the final budget by \$27,095 and under the original budget by \$20,147.

Recreation and culture expenditures were \$446,990, which was \$199 under than the original and final budgeted amount.

Housing and development expenditures were \$129,384, which was below the original and final budget by \$56,982.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

The following data includes the breakdown of public safety expenditures which represents approximately 55.2% of the total General Fund expenditures.

Public Safety Expenditures:

	<u>9/30/2022</u>	<u>9/30/2021</u>
Sheriff	\$ 2,856,940	\$ 2,516,472
Jail operations	1,933,473	1,592,030
Whitworth detention center	1,426	53,822
E911	9,843	66,707
Emergency medical services	2,713,435	2,895,273
Animal control	134,406	121,945
Other	<u>71,176</u>	<u>61,718</u>
Total public safety expenditures	\$ <u>7,720,699</u>	\$ <u>7,307,967</u>

General Fund Budgetary Highlights:

There were no net differences impacting fund balance between the General Fund's original expenditure budget (including prior year carryover funds and net budgeted transfers to blended component units and other funds) and the final amended budget. The budget amendments were mainly needed for the following expenditures:

General government department for additional costs related mainly to increased costs for the Board of Elections, data processing fees including maintenance contracts, professional and legal costs, insurance costs, as well as higher than expected building maintenance and repair costs.

Public safety department for higher than anticipated costs for wages for employees and overtime for sheriff and jail operations.

The above budget shortfalls were covered by budget overages in various General Fund departments; primarily the judicial department due to decreased operating costs, public works department due to reduced wages and group insurance, as well as in economic development and assistance due to unused budgeted amounts for various expenditures and reduced costs related to agricultural resources.

The original and final budget for General Fund revenues was \$13,913,357 and \$14,530,481, respectively. Total revenues and transfers in for fiscal year 2022 were \$16,275,448, an increase of \$1,744,967 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 property taxes, motor vehicle title fees, as well as increased local option sales tax revenue taxes.

Intergovernmental revenues were less than the final budget due mainly to a decrease in the transit system grant from the Georgia Department of Transportation received in fiscal year 2021.

Fines and forfeitures were more than the final budget mainly due to increased caseloads and revenue from the Probate Court and Magistrate Court.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Budgetary Highlights: (Continued)

Charges for services were more than the final budget due mainly to a reclassification of special police services for the School Resource Officer and income in the Recreation department.

Investment earnings were more than the final budget due to a significant increase in the interest rate paid on investments in the State of Georgia Local Government Investment Pool "Georgia Fund 1" accounts.

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS

Other Governmental Funds Components of Fund Balance:

	<u>9/30/2022</u>	<u>9/30/2021</u>
Nonspendable	\$ 335,583	\$ 250,089
Restricted	35,705,703	12,140,353
Unassigned	-----	-----
Total other governmental funds fund balance	\$ <u>36,041,286</u>	\$ <u>12,390,442</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 2022 consist primarily of \$756,229 representing an award passed through the Georgia Department of Transportation under the Local Maintenance and Road Improvement Program. Portions of grants not yet expended have been included in restricted cash. Fund balance at the end of fiscal year 2022 was \$1,576,707, which includes the prior year Local Maintenance and Road Improvement Program award of \$684,145.

ARPA Fund: The ARPA fund is a major special revenue fund used to account for the revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. As of September 30, 2022, Hart County had received a total of \$5,204,304 in fiscal year 2021 and 2022. Funds are classified as unearned on the governmental funds balance sheet until expended. \$4,197,528 of this total grant is classified as unearned revenue as of September 30, 2022. The ARPA fund reported \$791,919 and \$235,153 in revenues and expenditures for fiscal years 2022 and 2021, respectively, with no remaining fund balance.

CDBG Fund: The CDBG Fund, a major capital projects fund, had activity in fiscal year 2022 related mainly to a capital project grant award for \$706,205 for water and sewer improvement projects, representing a partial draw of available grant funds. The grant was awarded in fiscal year 2020. Construction began in fiscal year 2021 and was completed during fiscal year 2022.

Jail Construction Project Fund: The Jail Construction Project Fund, a major capital projects fund, was created in fiscal year 2022 to account for the financial resources provided by \$25,355,000 Certificates of Participation issued in 2022 to construct a new jail facility, which was classified as an other financing source of revenue. As of the end of fiscal year 2022, the fund had \$24,098,669 in cash restricted for the construction. \$4,822,216 had been expended on construction by the end of fiscal year 2022 and \$663,746 recognized for debt issuance costs. Fund balance at the end of fiscal year 2022 was \$19,869,453.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS (CONTINUED):

SPLOST #5 Fund: The SPLOST #5 Fund is a major capital projects fund. In April 2019, the County began collecting revenue for the SPLOST #5 program. Total sales tax revenue collected in fiscal year 2022 was \$5,630,500. At the end of fiscal year 2022, this fund had \$10,489,203 in fund balance. The primary SPLOST #5 projects in fiscal year 2022 included capital projects for the City of Hartwell as well as for public safety, roads, recreation, and economic development.

Insurance Premium Tax Fund: The Insurance Premium Tax Fund, a major special revenue fund, had a \$294,334 fund balance increase in fiscal year 2022 from \$2,848,508 to \$3,142,842. Revenues in this fund increased by \$83,193 from the previous fiscal year. Expenditures increased by \$177,523 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. The EIP fund had a decrease in fund balance of \$221,517 in fiscal year 2022 from \$383,901 to \$162,384. This decrease is mainly related to a new loan extended during the fiscal year offset by collections of principal and interest on previous loans.

Other Nonmajor Governmental Funds: For fiscal year 2022, the nonmajor governmental funds reported combined ending fund balances of \$800,697, of which \$773,423 is restricted and \$27,274 is nonspendable.

PROPRIETARY FUNDS FINANCIAL ANALYSIS:

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

Solid Waste Fund: The Solid Waste Fund is a major fund with operating revenues of \$2,032,717 in fiscal year 2022, as compared to \$1,759,117 in fiscal year 2021. Operating expenses of \$1,971,817 were recorded in fiscal year 2022, as compared to \$1,753,816 in fiscal year 2021.

Corp of Engineers Sites Fund: The Corp of Engineers Sites Fund is a major fund with operating revenues of \$194,984 in fiscal year 2022, as compared to \$198,004 in fiscal year 2021. Operating expenses of \$136,059 were recorded in fiscal year 2022, as compared to \$77,956 in fiscal year 2021.

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 \$377,381 and operating expenses of \$557,492 in fiscal year 2022, as compared to \$1,600,500 and \$1,790,807, respectively, in fiscal year 2021. The decrease in both revenues and expenditures is due mainly to a \$1,000,000 pass-through grant received in the prior year plus \$600,000 in bond issuance fees and increased project costs in the prior fiscal year.

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 \$26,850 and operating expenses of \$108,027 in fiscal year 2022, as compared to \$26,850 and \$108,848, respectively, in fiscal year 2021.

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 \$2,136,408 and operating expenses of \$1,960,048 in fiscal year 2022, as compared to \$1,861,575 and \$1,752,795, respectively, in fiscal year 2021.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

CAPITAL ASSETS AND NONCURRENT LIABILITIES:

**Hart County, Georgia
Summary Schedules of Capital Assets, Net of Depreciation
September 30, 2022 and 2021
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,358	\$ 1,358	\$ 5,348	\$ 5,364	\$ 6,706	\$ 6,722
Construction in progress	5,170	89	565	351	5,735	440
Buildings	6,918	7,075	169	178	7,087	7,253
Machinery and equipment	2,556	2,416	251	262	2,807	2,678
Vehicles	2,542	2,365	32	19	2,574	2,384
Water and sewer lines Infrastructure	-	-	22,670	21,397	22,670	21,397
Recreational upgrades	24,429	26,139	2,991	3,075	27,420	29,214
	2,567	2,462	-	-	2,567	2,462
Total capital assets, net	<u>\$ 45,540</u>	<u>\$ 41,904</u>	<u>\$ 32,026</u>	<u>\$ 30,646</u>	<u>\$ 77,566</u>	<u>\$ 72,550</u>

Capital Assets: Hart County, Georgia's investment in capital assets at September 30, 2022 for the primary government amounted to \$77,566,172, net of accumulated depreciation, as compared to \$72,550,179 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 6.9% increase in capital assets for the current fiscal year was mainly related to current year additions as described below, offset by current year depreciation.

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

- Vehicles, including police, fire and emergency medical service vehicles
- Machinery and equipment
- Construction on new fire station building
- Construction on new jail facility
- Various road and water system infrastructure projects

Noncurrent Liabilities: Noncurrent liabilities of the primary government increased by \$25,122,550 during fiscal year 2022, mainly due to certificates of participation issued for construction of a new jail facility and an increase in liabilities for compensated absences offset by reduced current maturities on other notes payable.

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

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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 had significantly reduced to 2.8% as of November 2019. In March and April 2020, the unemployment rate rose to a high of 10.0% due to the COVID-19 pandemic amid the shutdowns that occurred nationally. As of November 2022, the unemployment rate was reduced to 2.4%.

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 was 96.6% in 2022, which far exceeds the State of Georgia's average graduation rate of 84.1%. Hart County is the 20th highest system rate in the state out of 185 reporting districts and is one of just forty-one districts to record a rate at or above 95% for the 2021-2022 school year.

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 that 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 2023 budget.

(1) The overall tax digest is expected to remain at the same level or show some slight increases in 2023 and the Board of Commissioners desires to keep the millage rates at the same level. The County continues to experience an increase in the net value through new construction from industry and residential expansion 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 in recent years, which is expected to increase sales tax revenues and should further aid in easing the property tax burden.

(3) Interest rates are expected to remain stable in fiscal year 2023 after significant increases in 2022. 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, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$23,901,445	\$ 4,690,141	\$ 28,591,586	\$ 797,559
Receivables (net of allowance for uncollectibles)	1,082,931	706,180	1,789,111	49,965
Intergovernmental receivables	2,547,026	-	2,547,026	-
Inventory	202,128	55,298	257,426	-
Internal balances	5,770	-	5,770	-
Prepaid items	528,507	31,403	559,910	317
Current portion of restricted cash	29,836,670	340,408	30,177,078	32,173
Note receivables	972,711	-	972,711	-
Total current assets	59,077,188	5,823,430	64,900,618	880,014
Noncurrent assets				
Leases receivable	363,770	-	363,770	-
Capital assets				
Non-depreciable	6,528,315	5,913,485	12,441,800	-
Depreciable, net	39,012,148	26,112,224	65,124,372	71,779
Restricted cash, less current portion	-	140,280	140,280	-
Total noncurrent assets	45,904,233	32,165,989	78,070,222	71,779
Total assets	104,981,421	37,989,419	142,970,840	951,793
DEFERRED OUTFLOWS OF RESOURCES				
Proportionate share of deferred pension outflows	-	-	-	272,739
Total deferred outflows of resources	-	-	-	272,739
Total assets and deferred outflows of resources	104,981,421	37,989,419	142,970,840	1,224,532
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
LIABILITIES				
Current liabilities				
Accounts payable	4,629,660	595,483	5,225,143	34,008
Other accrued items	270,287	65,274	335,561	-
Due to other funds	-	5,770	5,770	-
Customer deposits	-	186,965	186,965	-
Unearned Revenue	4,226,250	-	4,226,250	-
Compensated absences	566,368	16,705	583,073	24,000
Current portion of notes payable	-	268,341	268,341	-
Total current liabilities	9,692,565	1,138,538	10,831,103	58,008
Noncurrent liabilities				
Compensated absences, less current portion	393,463	19,946	413,409	17,742
Net pension liability	-	-	-	241,603
Net OPEB liability	-	-	-	2,998
Notes payable, less current portion	25,355,000	3,632,759	28,987,759	-
Unamortized certificates of participation premium	415	-	415	-
Total noncurrent liabilities	25,748,878	3,652,705	29,401,583	262,343
Total liabilities	35,441,443	4,791,243	40,232,686	320,351
DEFERRED INFLOWS OF RESOURCES				
Deferred leases	356,964	-	356,964	-
Proportionate share of deferred pension inflows	-	-	-	453,954
Total deferred inflows of resources	356,964	-	356,964	453,954
Total liabilities and deferred inflows of resources	35,798,407	4,791,243	40,589,650	774,305
NET POSITION				
Net investment in capital assets	20,185,048	28,102,505	48,287,553	71,779
Restricted for				
Public safety	3,263,634	-	3,263,634	-
Economic development	261,358	-	261,358	-
Health and welfare	454,397	-	454,397	-
Judicial	23,015	-	23,015	-
Recreation and culture	-	-	-	189,247
Housing and development	28,289	-	28,289	-
Capital projects	31,675,010	320,663	31,995,673	-
Debt service	-	160,013	160,013	-
Unrestricted	13,292,263	4,614,995	17,907,258	189,201
Total net position	\$69,183,014	\$33,198,176	\$102,381,190	\$ 450,227

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

**HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022**

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	
Primary government:								
Governmental activities:								
General government	\$ 2,728,148	\$ 172,139	\$ 58,911	\$ -	\$ (2,497,098)	\$ -	\$ (2,497,098)	\$ -
Judicial	1,336,544	740,646	-	-	(595,898)	-	(595,898)	-
Public health and welfare	418,169	88,644	-	-	(329,525)	-	(329,525)	-
Public safety	9,618,780	1,755,230	833,323	9,583	(7,020,644)	-	(7,020,644)	-
Public works	4,804,397	-	130,746	1,546,837	(3,126,814)	-	(3,126,814)	-
Recreation and culture	556,080	75,095	-	-	(480,985)	-	(480,985)	-
Housing and development	283,866	1,550	-	-	(282,316)	-	(282,316)	-
Debt issuance costs	663,746	-	-	-	(663,746)	-	(663,746)	-
Total governmental activities	<u>20,409,730</u>	<u>2,833,304</u>	<u>1,022,980</u>	<u>1,556,420</u>	<u>(14,997,026)</u>	<u>-</u>	<u>(14,997,026)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,971,817	2,032,712	-	-	-	60,895	60,895	-
COA	136,059	194,984	-	-	-	58,925	58,925	-
IBA	651,814	-	377,381	231,459	-	(42,974)	(42,974)	-
JDA	117,146	-	26,850	-	-	(90,296)	(90,296)	-
HCWSA	1,631,847	2,129,658	6,750	-	-	504,561	504,561	-
Total business-type activities	<u>4,508,683</u>	<u>4,357,354</u>	<u>410,981</u>	<u>231,459</u>	<u>-</u>	<u>491,111</u>	<u>491,111</u>	<u>-</u>
Total primary government	<u>\$ 24,918,413</u>	<u>\$ 7,190,658</u>	<u>\$ 1,433,961</u>	<u>\$ 1,787,879</u>	<u>\$ (14,997,026)</u>	<u>\$ 491,111</u>	<u>\$ (14,505,915)</u>	<u>\$ -</u>
Component units	<u>\$ 938,584</u>	<u>\$ 306,052</u>	<u>\$ 739,347</u>	<u>\$ 4,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,159</u>
General revenues								
Real and personal property taxes					7,652,672	-	7,652,672	-
Motor vehicle taxes and title fees					1,637,802	-	1,637,802	-
Sales taxes					9,768,118	-	9,768,118	-
Other taxes					1,789,515	5	1,789,520	-
Alcoholic beverage taxes					106,534	-	106,534	-
Investment earnings					164,038	16,457	180,495	829
Miscellaneous					182,331	-	182,331	8,590
Gain (loss) on disposition of fixed assets					54,480	109,499	163,979	-
Total general revenues					<u>21,355,490</u>	<u>125,961</u>	<u>21,481,451</u>	<u>9,419</u>
Transfers					<u>(2,154,366)</u>	<u>1,692,306</u>	<u>(462,060)</u>	<u>-</u>
Total general revenues and transfers					<u>19,201,124</u>	<u>1,818,267</u>	<u>21,019,391</u>	<u>9,419</u>
Change in net position					4,204,098	2,309,378	6,513,476	120,578
Net position, beginning of year					64,978,916	30,888,798	95,867,714	329,649
Net position, end of year					<u>\$ 69,183,014</u>	<u>\$ 33,198,176</u>	<u>\$ 102,381,190</u>	<u>\$ 450,227</u>

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

**HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022**

	GENERAL	ARPA	MULTIPLE GRANT	CDBG	JAIL CONSTRUCTION PROJECT	SPLOST #4	SPLOST #5	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
ASSETS											
Cash and cash equivalents	\$ 11,834,447	-	-	\$ 94	\$ -	\$ -	\$ 9,462,205	\$ 1,618,429	\$ 156,483	\$ 829,787	\$ 23,901,445
Inventory	115,091	-	-	-	-	-	87,037	-	-	-	202,128
Receivables (net of allowance for uncollectibles)	1,015,754	-	-	-	-	-	-	-	5,901	61,276	1,082,931
Intergovernmental receivables	166,705	-	-	-	-	-	809,836	1,570,485	-	-	2,547,026
Due from other funds	672,571	114,290	1,225	-	-	-	-	-	-	-	788,086
Prepaid items	279,961	-	-	-	-	-	173,316	47,956	-	27,274	528,507
Leases receivable	-	-	-	-	-	-	-	-	-	363,770	363,770
Restricted cash	-	4,162,519	1,575,482	-	24,098,669	-	-	-	-	-	29,836,670
Total assets	\$ 14,084,529	\$ 4,276,809	\$ 1,576,707	\$ 94	\$ 24,098,669	\$ -	\$ 10,532,394	\$ 3,236,870	\$ 162,384	\$ 1,282,107	\$ 59,250,563
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
Liabilities											
Accounts payable	\$ 745,554	\$ 79,281	\$ -	\$ -	\$ 3,592,665	\$ -	\$ 43,191	\$ 50,956	-	\$ 118,013	\$ 4,629,660
Other accrued liabilities	250,938	-	-	-	-	-	-	13,950	-	5,399	270,287
Due to other funds	115,515	-	-	94	636,551	-	-	29,122	-	1,034	782,316
Unearned revenue	28,722	4,197,528	-	-	-	-	-	-	-	-	4,226,250
Total liabilities	1,140,729	4,276,809	-	94	4,229,216	-	43,191	94,028	-	124,446	9,908,513
Deferred inflows of resources											
Deferred leases	-	-	-	-	-	-	-	-	-	356,964	356,964
Unavailable revenue - property taxes	148,519	-	-	-	-	-	-	-	-	-	148,519
Total deferred inflows of resources	148,519	-	-	-	-	-	-	-	-	356,964	505,483
Fund balances											
Nonspendable inventory and prepaid items	395,052	-	-	-	-	-	260,353	47,956	-	27,274	730,635
Restricted for:											
Public safety	-	-	-	-	-	-	-	3,094,886	-	168,748	3,263,634
Economic development	-	-	-	-	-	-	-	-	162,384	98,974	261,358
Health and welfare	-	-	-	-	-	-	-	-	-	454,397	454,397
Judicial	-	-	-	-	-	-	-	-	-	23,015	23,015
Housing and development	-	-	-	-	-	-	-	-	-	28,289	28,289
Capital projects	-	-	1,576,707	-	19,869,453	-	10,228,850	-	-	-	31,675,010
Unassigned	12,400,229	-	-	-	-	-	-	-	-	-	12,400,229
Total fund balances	12,795,281	-	1,576,707	-	19,869,453	-	10,489,203	3,142,842	162,384	800,697	48,836,567
Total liabilities, deferred inflows of resources and fund balances	\$ 14,084,529	\$ 4,276,809	\$ 1,576,707	\$ 94	\$ 24,098,669	\$ -	\$ 10,532,394	\$ 3,236,870	\$ 162,384	\$ 1,282,107	\$ 59,250,563

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, 2022**

Total fund balance of governmental funds **\$ 48,836,567**

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	\$ 1,125,665	
Less 60-day collections reported as a receivable at the fund level	<u>(152,954)</u>	
		972,711

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	1,358,459	
Construction in progress	5,169,856	
Buildings	10,639,966	
Machinery, equipment and other	6,541,081	
Vehicles	6,895,248	
Infrastructure	67,617,059	
Recreational upgrades	3,296,749	
Less: accumulated depreciation	<u>(55,977,955)</u>	
Total capital assets		45,540,463

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		148,519
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.

Certificates of participation	(25,355,000)	
Unamortized certificates of participation premium	(415)	
Compensated absences	<u>(959,831)</u>	
Total long-term liabilities		<u>(26,315,246)</u>

Net position of governmental activities		<u>\$ 69,183,014</u>
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HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	GENERAL	ARPA	MULTIPLE GRANT	CDBG	JAIL CONSTRUCTION PROJECT	SPLOST #4	SPLOST #5	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
REVENUES											
Taxes	\$ 13,550,262	\$ -	\$ -	\$ -	-	-	\$ 5,630,500	\$1,570,485	\$ -	\$ 185,896	\$ 20,937,143
Licenses and permits	126,571	-	-	-	-	-	-	-	-	1,550	128,121
Intergovernmental	198,045	771,623	785,555	706,205	-	-	-	-	-	-	2,461,428
Fines and forfeitures	672,252	-	-	-	-	-	-	-	-	68,394	740,646
Charges for services	1,371,680	-	-	-	-	-	-	-	-	574,133	1,945,813
Investment earnings	82,848	20,296	10,963	-	-	-	64,660	13,028	27,675	9,228	228,698
Contributions and donations	51,208	-	-	-	-	-	-	1,404	-	700	53,312
Miscellaneous	222,582	-	-	-	-	-	-	-	152,945	32,953	408,480
Total revenues	16,275,448	791,919	796,518	706,205	-	-	5,695,160	1,584,917	180,620	872,854	26,903,541
EXPENDITURES											
Current											
General government	2,540,624	123,398	6	-	-	-	-	97,134	2,137	-	2,763,299
Judicial	1,201,649	114,994	-	-	-	-	-	-	-	7,945	1,324,588
Health and welfare	368,357	7,536	-	-	-	-	-	-	-	26,206	402,099
Public safety	7,720,699	458,986	29,450	-	-	-	19,184	591,930	-	603,037	9,423,286
Public works	1,590,190	77,855	-	-	-	-	110,226	601,519	-	-	2,379,790
Recreation and culture	446,990	6,997	-	-	-	-	350	-	-	-	454,337
Housing and development	129,384	2,153	-	-	-	-	6,535	-	400,000	112,654	650,726
Intergovernmental	-	-	-	-	-	-	311,710	-	-	-	311,710
Capital outlay	-	-	-	-	4,822,216	-	1,178,514	-	-	-	6,000,730
Debt service	-	-	-	-	-	-	-	-	-	-	-
Debt service expenditures	-	-	-	-	663,746	-	-	-	-	-	663,746
Total expenditures	13,997,893	791,919	29,456	-	5,485,962	-	1,626,519	1,290,583	402,137	749,842	24,374,311
Excess (deficiency) of revenues over (under) expenditures	2,277,555	-	767,062	706,205	(5,485,962)	-	4,068,641	294,334	(221,517)	123,012	2,529,330
OTHER FINANCING SOURCES											
Transfers out	(198,020)	-	-	(706,205)	-	-	(1,250,141)	-	-	-	(2,154,366)
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Certificates of participation issued	-	-	-	-	25,355,000	-	-	-	-	-	25,355,000
Premium on certificates issued	-	-	-	-	415	-	-	-	-	-	415
Total other financing sources (uses)	(198,020)	-	-	(706,205)	25,355,415	-	(1,250,141)	-	-	-	23,201,049
Net change in fund balances	2,079,535	-	767,062	-	19,869,453	-	2,818,500	294,334	(221,517)	123,012	25,730,379
Fund balances, beginning of year	10,715,746	-	809,645	-	-	-	7,670,703	2,848,508	383,901	677,685	23,106,188
Fund balances, end of year	\$ 12,795,281	\$ -	\$1,576,707	\$ -	\$ 19,869,453	\$ -	\$10,489,203	\$3,142,842	\$ 162,384	\$ 800,697	\$ 48,836,567

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, 2022

Net changes in fund balances of governmental funds: **\$ 25,720,079**

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 reported in the Statement of Activities exceeds the net capital outlays reported in the governmental funds for the current fiscal year.

Expenditures for capital assets	\$ 6,662,011	
Depreciation expense	<u>(3,016,962)</u>	
Excess of capital outlay over depreciation expense		3,645,049

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Proceeds from certificates of participation		(25,355,415)
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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	400,000	
Payments received	<u>(152,945)</u>	
Total note receivable issued, net of repayment proceeds		247,055

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 @ 9/30/22	(959,831)	
Liability @ 9/30/21	<u>887,823</u>	
Total increase in compensated absences		(72,008)

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 tax revenue at 9/30/22	148,519	
Deferred tax revenue at 9/30/21	<u>(131,021)</u>	
Total increase in deferred revenue		17,498

In the Statement of Activities, only the gain/loss on the sale of various equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the equipment sold.

Proceeds received on sale of assets	(62,940)	
Net loss on sale of assets	<u>54,480</u>	
Total decrease in miscellaneous revenue		<u>(8,460)</u>

Change in net position of governmental activities		<u>\$ 4,193,798</u>
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The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Solid Waste Fund	Corp of Engineers Sites Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 912,733	\$ 183,937	\$ 1,314,499	\$ 36,817	\$ 2,242,155	\$ 4,690,141
Receivables (net of allowance for uncollectibles)	114,706	-	349,769	5,408	236,297	706,180
Inventory	29,190	-	-	-	26,108	55,298
Prepaid items	4,440	-	4,235	266	22,462	31,403
Current portion of restricted cash	-	-	-	335,538	4,870	340,408
Total current assets	1,061,069	183,937	1,668,503	378,029	2,531,892	5,823,430
Noncurrent assets						
Capital assets, non-depreciable						
Land	-	-	4,116,049	1,162,331	69,649	5,348,029
Construction in progress	-	-	436,955	-	128,501	565,456
Total non-depreciable capital assets at cost	-	-	4,553,004	1,162,331	198,150	5,913,485
Capital assets, depreciable						
Buildings	283,666	-	-	-	-	283,666
Machinery, equipment and other	611,970	-	29,825	31,374	94,157	767,326
Vehicles	113,180	-	-	-	43,212	156,392
Water and sewer lines	-	-	-	-	29,000,717	29,000,717
Infrastructure	-	-	-	4,230,343	-	4,230,343
Less: accumulated depreciation	(642,231)	-	(3,728)	(1,263,581)	(6,416,680)	(8,326,220)
Total depreciable capital assets, net	366,585	-	26,097	2,998,136	22,721,406	26,112,224
Restricted cash, less current portion	-	-	140,280	-	-	140,280
Total noncurrent assets	366,585	-	4,719,381	4,160,467	22,919,556	32,165,989
Total assets	1,427,654	183,937	6,387,884	4,538,496	25,451,448	37,989,419
LIABILITIES						
Current liabilities						
Accounts payable	118,110	4,568	338,462	1,096	133,247	595,483
Other accrued liabilities	10,755	-	29,549	20,074	4,896	65,274
Due to other funds	5,374	396	-	-	-	5,770
Customer deposits	-	-	-	-	186,965	186,965
Compensated absences	8,188	-	-	-	8,517	16,705
Current portion of notes payable	-	-	47,213	45,566	175,562	268,341
Total current liabilities	142,427	4,964	415,224	66,736	509,187	1,138,538
Noncurrent liabilities						
Compensated absences, less current portion	10,757	-	-	-	9,189	19,946
Notes payable, less current portion	-	-	2,633,430	212,307	787,022	3,632,759
Total noncurrent liabilities	10,757	-	2,633,430	212,307	796,211	3,652,705
Total liabilities	153,184	4,964	3,048,654	279,043	1,305,398	4,791,243
NET POSITION						
Net investment in capital assets	366,585	-	1,898,458	3,902,594	21,934,868	28,102,505
Restricted						
Capital projects	-	-	-	320,663	-	320,663
Debt service	-	-	140,280	14,863	4,870	160,013
Unrestricted	907,885	178,973	1,300,492	21,333	2,206,312	4,614,995
Total net position	\$ 1,274,470	\$ 178,973	\$ 3,339,230	\$ 4,259,453	\$ 24,146,050	\$ 33,198,176

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, 2022

	Solid Waste Fund	Corp of Engineers Sites Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
OPERATING REVENUES						
Taxes	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 5
Intergovernmental	-	-	377,351	8,000	-	385,351
Charges for services	2,032,712	194,984	-	-	2,129,658	4,357,354
Other operating revenues	-	-	30	18,850	6,750	25,630
Total operating revenues	2,032,717	194,984	377,381	26,850	2,136,408	4,768,340
OPERATING EXPENSES						
Personnel services	482,441	-	97,984	-	191,128	771,553
Professional services	12,891	-	66,837	9,735	54,011	143,474
Purchased property services	25,822	66,019	2,691	8,209	89,344	192,085
Other purchased services	1,299,150	67,494	9,822	1,185	198,435	1,576,086
Supplies and other	125,218	2,546	378,667	3,290	814,051	1,323,772
Depreciation	26,295	-	1,491	85,608	613,079	726,473
Total operating expenses	1,971,817	136,059	557,492	108,027	1,960,048	4,733,443
Operating income (loss)	60,900	58,925	(180,111)	(81,177)	176,360	34,897
NON-OPERATING REVENUES (EXPENSES)						
Capital grants	-	-	231,459	-	-	231,459
Interest expense	-	-	(94,322)	(9,119)	(5,382)	(108,823)
Contributions from developers for water line:	-	-	-	-	333,583	333,583
Investment earnings	4,673	-	1,179	6	10,599	16,457
Gain on disposal of capital asset	-	-	109,499	-	-	109,499
Total non-operating revenues (expenses)	4,673	-	247,815	(9,113)	338,800	582,175
Change in net position before transfers	65,573	58,925	67,704	(90,290)	515,160	617,072
Transfers in	-	-	409,348	51,414	1,231,544	1,692,306
Change in net position	65,573	58,925	477,052	(38,876)	1,746,704	2,309,378
Net position, beginning of year	1,208,897	120,048	2,862,178	4,298,329	22,399,346	30,888,798
Net position, end of year	\$ 1,274,470	\$ 178,973	\$ 3,339,230	\$ 4,259,453	\$24,146,050	\$33,198,176

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, 2022

	Solid Waste Fund	Corp of Engineers Sites Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
Cash flows from operating activities:						
Cash received from customers	\$2,043,229	\$ 195,354	\$ -	\$ 18,850	\$ 2,093,110	\$ 4,350,543
Other operating receipts	5	-	12	8,000	6,750	14,767
Cash payments to suppliers for goods and services	(1,471,375)	(159,435)	144,965	(22,406)	(1,128,691)	(2,636,942)
Cash payments to employees for services	(479,860)	-	-	-	(184,781)	(664,641)
Net cash provided by (used in) operating activities	<u>91,999</u>	<u>35,919</u>	<u>144,977</u>	<u>4,444</u>	<u>786,388</u>	<u>1,063,727</u>
Cash flows from non-capital financing activities:						
Transfers in for operations	-	-	61,407	11,127	-	72,534
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>61,407</u>	<u>11,127</u>	<u>-</u>	<u>72,534</u>
Cash flows from capital and related financing activities:						
Principal paid on notes payable	-	-	(45,591)	(49,167)	(174,658)	(269,416)
Interest paid on notes payable	-	-	(94,688)	(9,272)	(5,457)	(109,417)
Transfers in for capital assets	-	-	107,564	-	1,238,194	1,345,758
Transfers in for capital debt service	-	-	151,970	39,689	-	191,659
Grant receipts for capital assets	-	-	8,822	-	-	8,822
Cash contributions from developers for subdivisions	-	-	-	-	333,583	333,583
Acquisition and construction of capital assets	(6,471)	-	(209,683)	-	(1,767,481)	(1,983,635)
Net cash provided by (used in) capital and related financing activities	<u>(6,471)</u>	<u>-</u>	<u>(81,606)</u>	<u>(18,750)</u>	<u>(375,819)</u>	<u>(482,646)</u>
Cash flows from investing activities:						
Interest received on investments	4,673	-	1,298	6	10,599	16,576
Net cash provided by (used in) Investing activities	<u>4,673</u>	<u>-</u>	<u>1,298</u>	<u>6</u>	<u>10,599</u>	<u>16,576</u>
Net increase (decrease) in cash and cash equivalents	90,201	35,919	126,076	(3,173)	421,168	670,191
Cash and cash equivalents, beginning of year	<u>822,532</u>	<u>148,018</u>	<u>1,328,703</u>	<u>375,528</u>	<u>1,825,857</u>	<u>4,500,638</u>
Cash and cash equivalents, end of year	<u>\$ 912,733</u>	<u>\$ 183,937</u>	<u>\$ 1,454,779</u>	<u>\$ 372,355</u>	<u>\$ 2,247,025</u>	<u>\$ 5,170,829</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 60,900	\$ 58,925	\$ (180,111)	\$ (81,177)	\$ 176,360	\$ 34,897
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	26,295	-	1,491	85,608	613,079	726,473
Decrease (increase) in accounts receivable for operations	10,517	370	-	-	(46,745)	(35,858)
Decrease (increase) in inventory	(2,653)	-	-	-	4,965	2,312
Decrease (increase) in prepaid expenses	(411)	-	(12)	(1)	(4,389)	(4,813)
Increase (decrease) in accounts payable for operations	16,291	1,228	323,609	14	24,726	365,868
Increase (decrease) in due to other funds	(21,521)	(24,604)	-	-	-	(46,125)
Increase (decrease) in compensated absences	1,517	-	-	-	1,963	3,480
Increase (decrease) in other accrued expenses	1,064	-	-	-	1,341	2,405
Increase (decrease) in customer water deposits	-	-	-	-	15,088	15,088
Total adjustments	<u>31,099</u>	<u>(23,006)</u>	<u>325,088</u>	<u>85,621</u>	<u>610,028</u>	<u>1,028,830</u>
Net cash provided by (used in) operating activities	<u>\$ 91,999</u>	<u>\$ 35,919</u>	<u>\$ 144,977</u>	<u>\$ 4,444</u>	<u>\$ 786,388</u>	<u>\$ 1,063,727</u>
Reconciliation of cash and cash equivalents to proprietary funds Statement of Net Position:						
Cash and cash equivalents per Statement of Cash Flows	\$ 912,733	\$ 183,937	\$ 1,454,779	\$ 372,355	\$ 2,247,025	\$ 5,170,829
Current portion of restricted cash	-	-	-	(335,538)	(4,870)	(340,408)
Restricted cash, less current portion	-	-	(140,280)	-	-	(140,280)
Cash and cash equivalents per Statement of Net Position	<u>\$ 912,733</u>	<u>\$ 183,937</u>	<u>\$ 1,314,499</u>	<u>\$ 36,817</u>	<u>\$ 2,242,155</u>	<u>\$ 4,690,141</u>

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

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
September 30, 2022

	Total
ASSETS	
Cash and cash equivalents	\$ 1,354,495
Taxes receivable	600,242
Total assets	1,954,737
LIABILITIES	
Due to others	1,954,737
Total liabilities	1,954,737
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ -

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

HART COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
For the Year Ended September 30, 2022

	Total
ADDITIONS	
Taxes, fines and forfeitures collected for other governments	\$ 30,626,005
DEDUCTIONS	
Distributions of taxes, fines and forfeitures to other governments	30,626,005
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2022

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 30,626	\$ 766,933	\$ 797,559
Receivables (net of allowance for uncollectibles)	10,483	39,482	49,965
Prepaid items	317	-	317
Restricted cash and investments	32,173	-	32,173
Capital assets			
Machinery, equipment, and other	169,592	19,676	189,268
Books and collections	409,432	-	409,432
Less: accumulated depreciation	<u>(512,632)</u>	<u>(14,289)</u>	<u>(526,921)</u>
Capital assets, net of depreciation	<u>66,392</u>	<u>5,387</u>	<u>71,779</u>
Deferred outflows of resources			
Proportionate share of deferred pension outflows	<u>74,623</u>	<u>198,116</u>	<u>272,739</u>
Total deferred outflows of resources	<u>74,623</u>	<u>198,116</u>	<u>272,739</u>
Total assets and deferred outflows of resources	<u>214,614</u>	<u>1,009,918</u>	<u>1,224,532</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	7,325	26,683	34,008
Compensated absences due within one year	-	24,000	24,000
Non-current liabilities			
Compensated absences due after one year	-	17,742	17,742
Net pension liability	74,558	167,045	241,603
Net OPEB liability	-	2,998	2,998
Deferred inflows of resources			
Proportionate share of deferred pension inflows	<u>145,178</u>	<u>308,776</u>	<u>453,954</u>
Total deferred outflows of resources	<u>145,178</u>	<u>308,776</u>	<u>453,954</u>
Total liabilities and deferred inflows of resources	<u>227,061</u>	<u>547,244</u>	<u>774,305</u>
NET POSITION			
Investment in capital assets	66,392	5,387	71,779
Restricted for			
Children's reading books	32,173	157,074	189,247
Unrestricted	<u>(111,012)</u>	<u>300,213</u>	<u>189,201</u>
Total net position	<u>\$ (12,447)</u>	<u>\$ 462,674</u>	<u>\$ 450,227</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, 2022**

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
Expenses			
Public health and welfare	\$ -	\$ 651,168	\$ 651,168
Recreation and culture	287,416	-	287,416
Total expenses	<u>287,416</u>	<u>651,168</u>	<u>938,584</u>
Program revenues			
Charges for services	4,519	301,533	306,052
Operating grants and contributions	266,944	472,403	739,347
Capital grants and contributions	4,344	-	4,344
Total program revenues	<u>275,807</u>	<u>773,936</u>	<u>1,049,743</u>
Net (expense) revenue	<u>(11,609)</u>	<u>122,768</u>	<u>111,159</u>
General revenues			
Investment earnings	829	-	829
Miscellaneous and other	690	7,900	8,590
Total general revenues	<u>1,519</u>	<u>7,900</u>	<u>9,419</u>
Change in net position	(10,090)	130,668	120,578
Net position, beginning	<u>(2,357)</u>	<u>332,006</u>	<u>329,649</u>
Net position, ending	<u>\$ (12,447)</u>	<u>\$ 462,674</u>	<u>\$ 450,227</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, 2022

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, 2021. 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, 2022

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, 2022. 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 eighteen 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 including 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, 2022. 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, 2022

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, 2022. 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, 2022

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, 2022

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.

ARPA Fund (special revenue fund): The ARPA Fund accounts for the revenue and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

Multiple Grant Fund (special revenue fund): The Multiple Grant Fund consists of activity related to various grant awards to include local, state and federal grants for improvements such as road resurfacing. 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.

Jail Construction Project Fund (capital projects fund): The Jail Construction Project Fund accounts for the financial resources provided from the \$25,355,000 Certificates of Participation issued in 2022 to construct a new jail.

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. The SPLOST #4 fund projects were completed, and all amounts were paid out in the year ended September 30, 2022.

SPLOST #5 Fund (capital projects fund): The SPLOST #5 Fund accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2017. 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, 2022

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 pass-through 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.

Corp of Engineers Sites Fund: The Corp of Engineers Site Fund is a business-type enterprise fund used to account for the activity of camp site rentals at Payne's Creek and Milltown campgrounds.

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:

Custodial Funds – Custodial funds are custodial in nature and do not present results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. These 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 County maintains five custodial funds and account for the receipts and disbursements of funds by the Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, and Sheriff.

(D) Restricted Assets

Certain cash and cash equivalents, investments, and other assets are classified as restricted assets on the Balance Sheet and/or the Statement of Net Position because their use is limited by applicable debt covenants, escrow arrangements, or other arrangements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) 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.

(F) 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.

(G) 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.

(H) 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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) Receivables (Continued)

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 2021, other than vehicles, were levied and mailed on October 20, 2021. The taxes were based on January 1, 2021 assessed values and were due on December 20, 2021, 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. Penalties and interest on unpaid tax bills are applied in compliance with Georgia Code 48-2-40 and 48-2-44.

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.

(I) Inventories and Prepaid Expenditures

Inventories are valued at cost, using the weighted average method and consist of expendable supplies which are recorded as expenditures when consumed.

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.

Governmental funds inventory and prepaid items are equally offset by a reservation of fund balance which indicates they do not constitute an "available spendable resource" even though they are component of current assets.

(J) 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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) Capital Assets (Continued)

All reported capital assets are depreciated except for land and construction in progress. Useful lives 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

(K) 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.

(L) 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. 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.

(M) 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.

(N) 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, 2022, 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 two items that qualify for reporting in this category. Deferred inflows relating to leases are reported in both statements, whereas unavailable revenue is reported only in the governmental funds Balance Sheet.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Deferred Outflows/Inflows of Resources (Continued)

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.

(O) Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance: 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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(O) Fund Equity (Continued)

1. Net Position - 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.
2. Net Position - 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. Net Position - 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.

(P) Leases

The County is a lessor on one noncancellable lease. The County recognizes a lease receivable and a deferred inflow of resources with an initial individual value of \$10,000 or more in the government-wide, governmental funds and proprietary funds statements. At the commencement of the lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease receivable, adjusted for lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, plus certain initial direct costs. Subsequently, the deferred inflows of resources are amortized over the life of the lease term.

(Q) Management Estimates

The preparation of financial statements in conformity with GAAP 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(R) Subsequent Events

Subsequent events have been evaluated by management through July 13, 2023, which is the date the financial statements were available to be issued.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

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.

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, 2022, 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, 2022

NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

The County's deposits are classified as follows at September 30, 2022:

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government	<u>\$ 2,837,645</u>	<u>\$ 32,572,827</u>	<u>\$ 24,098,669</u>	<u>\$ 59,509,141</u>	<u>\$ 58,908,944</u>
Discretely presented component units:					
Hart County Library	\$ 3,003	\$ 30,626	\$ -	\$ 33,629	\$ 30,626
Hart County Health Department	250,000	542,563	-	792,563	766,933
Total discretely presented component units	<u>253,003</u>	<u>573,189</u>	<u>-</u>	<u>826,192</u>	<u>797,559</u>
Total deposits	<u>\$ 3,090,648</u>	<u>\$ 33,146,016</u>	<u>\$ 24,098,669</u>	<u>\$ 60,335,333</u>	<u>\$ 59,706,503</u>

Primary Government Cash and Cash Equivalents Reconciliation:

<u>Primary Government Fund Reporting Level</u>	<u>Cash and Cash Equivalents</u>
Governmental funds – Balance Sheet	\$ 23,901,445
Governmental funds – Balance Sheet (restricted)	29,836,670
Proprietary funds – Statement of Net Position	4,690,141
Proprietary funds – Statement of Net Position (restricted)	<u>480,688</u>
Total cash and cash equivalents	<u>\$ 58,908,944</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 \$58,908,945 carrying amount of cash and cash equivalents for the primary government, \$28,025,706 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 Securities and Exchange Commission 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, 2022

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, 2022 are:

Georgia Fund I	AAAF rated by Standard & Poor's	\$ 28,025,707	43-day WAM
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On May 13, 2013, the Hart County Library, a discretely presented component unit, invested restricted funds of \$30,000 in a single premium deferred annuity contract through an insurance company with an A.M. Best rating of "A-" (excellent). As of June 30, 2022, the balance in the annuity was \$32,173. 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 for all deposits that are required to be federally insured or fully collateralized. At September 30, 2022, \$24,098,669 of the County's deposits consisted of bond proceeds held by a trustee, which were not required to be collateralized under State law and as such, were exposed to custodial credit risk as they were uninsured and uncollateralized. All remaining deposits of the County were adequately insured or collateralized.

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – RECEIVABLES

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5 – RECEIVABLES (CONTINUED)

Receivables at September 30, 2022 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	SPLOST #5 Fund	Insurance Premium Fund	EIP Fund	Other Nonmajor Funds	Total Governmental Funds
Receivables:						
Property taxes	\$ 192,031	\$ -	-	\$ -	\$ -	\$ 192,031
Accounts receivable	926,223	-	-	5,901	61,276	993,400
Intergovernmental	166,705	809,836	1,570,485	-	-	2,547,026
Total receivables, gross	1,284,959	809,836	1,570,485	5,901	61,276	3,732,457
Less: Allowance for uncollectibles	(102,500)	-	-	-	-	(102,500)
Total receivables, net	<u>\$ 1,182,459</u>	<u>\$ 809,836</u>	<u>\$ 1,570,485</u>	<u>\$ 5,901</u>	<u>\$ 61,276</u>	<u>\$ 3,629,957</u>
Leases receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,770</u>	<u>\$ 363,770</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,125,665</u>	<u>\$ -</u>	<u>\$ 1,125,665</u>

Notes Receivable: 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 2017, the County entered into an 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, 2022, the remaining balance of the note is \$94,537 with a current amount of \$68,182.

During fiscal year 2018, the County entered into an agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$400,000 together with interest of 3.5% per annum. The note is being repaid in 120 monthly installments of \$3,909. As of September 30, 2022, the remaining balance of the note is \$245,807 with a current amount of \$38,710.

During fiscal year 2020, the County entered into an agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$330,000 together with interest of 3.25% per annum. The note is being repaid in 120 monthly installments of \$3,225. As of September 30, 2022, the remaining balance of the note is \$249,649 with a current amount of \$30,418.

During fiscal year 2022, the County entered into an agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$400,000 together with interest of 3.00% per annum. The note is being repaid in 120 monthly installments of \$3,863. As of September 30, 2022, the remaining balance of the note is \$382,718 with a current amount of \$34,694.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5 – RECEIVABLES (CONTINUED)

The County has one lease receivable, as more fully described in Note 7.

Accounts receivable 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>10,483</u>	\$ <u>39,482</u>	\$ <u>49,965</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables as of September 30, 2022, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Insurance Premium Tax	General	\$ 29,122
Jail Construction Fund	General	636,551
E-911	General	1,034
General	ARPA	114,290
General	Multiple Grant	1,225
CDBG	General	94
Solid Waste*	General	5,374
Corp of Engineers' Sites*	General	396

**Business-type activity*

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.

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

Transfers are used to (1) report revenues in the fund that is required to collect such revenue by statute or budget and transferred to the fund that is required to expend such revenue by statute or budget 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 15 provides additional transfer reconciliations for component units with differing year-ends. During the fiscal year, the County made transfers between funds to include the totals from the following table:

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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>Between governmental and business-type activities:</i>			
General	IBA	See (A) below	\$ 181,936
General	JDA	See (B) below	11,128
General	HCWSA	See (C) below	4,956
SPLOST #5	IBA	See (D) below	685,113
SPLOST #5	JDA	See (E) below	39,689
SPLOST #5	HCWSA	See (F) below	525,339
CDBG	HCWSA	See (G) below	<u>706,205</u>
Net transfers out per governmental activities			<u>\$ 2,154,366</u>

- (A) The General Fund transferred \$181,936 to IBA for operations. IBA has a December 31, 2021 year end, so the amount recorded as transferred in by IBA is \$169,910, resulting in an outstanding transfer timing difference of \$12,026.
- (B) The General Fund transferred \$11,128 to JDA for operations. JDA has a June 30, 2022 year end, so the amount recorded as transferred in by JDA is \$11,725, resulting in an outstanding transfer timing difference of (\$597).
- (C) The General Fund recorded a timing difference transfer adjustment of \$4,956 to HCWSA for operations not yet received. The amount recorded as transferred in by HCWSA is \$0, resulting in an outstanding transfer timing difference of \$4,956.
- (D) The SPLOST #5 Fund transferred \$685,113 to IBA for improvements and payments on debt to purchase several parcels of land for the Gateway Industrial Park. Due to the December 31, 2021 year end, the amounts recorded as transfers in by IBA are \$239,438 resulting in an outstanding transfer timing difference of \$445,675.
- (E) The SPLOST #5 Fund transferred \$39,689 to JDA for improvements and payments on debt to purchase Gateway Industrial Park. The amount recorded as transferred in by JDA is \$39,689, resulting in no timing differences.
- (F) The SPLOST #5 Fund transferred \$525,339 to HCWSA for capital projects. HCWSA recorded \$525,339, resulting in no timing differences.
- (G) The CDBG Fund transferred \$706,205 to HCWSA for capital projects related to waterline expansion. HCWSA recorded \$706,205, resulting in no timing differences.

Summary of transfers with outstanding transfer timing differences with blended component units:

Net transfers out per governmental activities	\$ (2,154,366)
IBA transfer timing differences	457,701
JDA transfer timing differences	(597)
HCWSA transfer timing differences	<u>4,956</u>
Net transfers out per business-type activities	<u>\$ (1,692,306)</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reclassifications and Retirements	Ending Balance
Primary Government:				
Governmental activities:				
Non-depreciable assets:				
Land and improvements	\$ 1,358,459	\$ -	\$ -	\$ 1,358,459
Construction in progress	89,220	5,080,636	-	5,169,856
Total non-depreciable capital assets	<u>1,447,679</u>	<u>5,080,636</u>	<u>-</u>	<u>6,528,315</u>
Depreciable assets:				
Buildings	10,629,166	10,800	-	10,639,966
Machinery, equipment and other	6,262,950	419,683	(141,552)	6,541,081
Vehicles	6,501,871	513,192	(119,815)	6,895,248
Infrastructure	67,148,971	468,088	-	67,617,059
Recreational upgrades	3,127,137	169,612	-	3,296,749
Total depreciable capital assets	<u>93,670,095</u>	<u>1,581,375</u>	<u>(261,367)</u>	<u>94,990,103</u>
Less accumulated depreciation for:				
Buildings	(3,554,749)	(167,031)	-	(3,721,780)
Machinery, equipment and other	(3,846,668)	(272,550)	133,909	(3,985,309)
Vehicles	(4,136,465)	(335,969)	118,998	(4,353,436)
Infrastructure	(41,010,681)	(2,177,071)	-	(43,187,752)
Recreational upgrades	(665,337)	(64,341)	-	(729,678)
Total accumulated depreciation	<u>(53,213,900)</u>	<u>(3,016,962)</u>	<u>252,907</u>	<u>(55,977,955)</u>
Total depreciable capital assets, net	<u>40,456,195</u>	<u>(1,435,587)</u>	<u>(8,460)</u>	<u>39,012,148</u>
Governmental activities capital assets, net	<u><u>\$ 41,903,874</u></u>	<u><u>\$ 3,645,049</u></u>	<u><u>\$ (8,460)</u></u>	<u><u>\$ 45,540,463</u></u>
Business-type activities:				
Non-depreciable assets:				
Land and improvements	\$ 5,363,530	\$ -	\$ (15,501)	\$ 5,348,029
Construction in progress	350,620	1,687,384	(1,472,548)	565,456
Total non-depreciable capital assets	<u>5,714,150</u>	<u>1,687,384</u>	<u>(1,488,049)</u>	<u>5,913,485</u>
Depreciable assets:				
Buildings	283,666	-	-	283,666
Machinery, equipment and other	756,018	11,308	-	767,326
Vehicles	133,923	22,469	-	156,392
Water and sewer lines	27,127,952	400,217	1,472,548	29,000,717
Infrastructure	4,230,343	-	-	4,230,343
Total depreciable capital assets	<u>32,531,902</u>	<u>433,994</u>	<u>1,472,548</u>	<u>34,438,444</u>
Less accumulated depreciation for:				
Buildings	(105,190)	(9,366)	-	(114,556)
Machinery, equipment and other	(494,174)	(22,526)	-	(516,700)
Vehicles	(114,553)	(10,165)	-	(124,718)
Water and sewer lines	(5,730,641)	(599,808)	-	(6,330,449)
Infrastructure	(1,155,189)	(84,608)	-	(1,239,797)
Total accumulated depreciation	<u>(7,599,747)</u>	<u>(726,473)</u>	<u>-</u>	<u>(8,326,220)</u>
Total depreciable capital assets, net	<u>24,932,155</u>	<u>(292,479)</u>	<u>1,472,548</u>	<u>26,112,224</u>
Business-type activities capital assets, net	<u><u>\$ 30,646,305</u></u>	<u><u>\$ 1,394,905</u></u>	<u><u>\$ (15,501)</u></u>	<u><u>\$ 32,025,709</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 19,676	\$ -	\$ -	\$ 19,676
Less accumulated depreciation	(13,309)	(980)	-	(14,289)
Capital assets, net	<u>\$ 6,367</u>	<u>\$ (980)</u>	<u>\$ -</u>	<u>\$ 5,387</u>

Hart County Library

Capital asset activity for the Library for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 159,837	\$ 9,754	\$ -	\$ 169,591
Books and collections	412,055	10,849	(13,471)	409,433
Less accumulated depreciation for:				
Machinery, equipment and other	(123,781)	(8,350)	-	(132,131)
Books and collections	(381,614)	(12,358)	13,471	(380,501)
Capital assets, net	<u>\$ 66,497</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 66,392</u>

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

Primary Government:

Governmental activities:

General government	\$ 117,872
Housing and development	33,140
Judicial	6,128
Public health and welfare	23,046
Public safety	466,949
Public works	2,268,084
Recreation and culture	101,743
Total depreciation expense - governmental activities	<u>\$ 3,016,962</u>

Business-type activities:

Solid waste	\$ 26,295
Hart County Industrial Building Authority	1,491
Joint Development Authority of Franklin, Hart and Stephens Counties	85,608
Hart County Water and Sewer Authority	613,079
Total depreciation expense - business-type activities	<u>\$ 726,473</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 8 – LEASES RECEIVABLE

DFACS Building Fund

The County entered into a 15-year lease 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. An initial lease receivable was recorded on October 1, 2021 in the amount of \$402,400, and as of September 30, 2022, the value of the lease receivable is \$363,770. The lease requires the lessee to make fixed monthly payments of \$3,495 per month through December 31, 2024, and \$4,940 per month through December 31, 2029 and carries an interest rate of 1.635%. The value of the deferred inflow of resources as of September 30, 2022 was \$356,964 and the County recognized lease revenue of \$45,435 during the fiscal year.

The net value of the property under lease is \$1,179,647, which is net of accumulated depreciation of \$490,649.

BLENDING COMPONENT UNITS:

Hart County Industrial Building Authority

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 on the following "Amount of PILOT Payment" schedule 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 \$729,103 in foregone revenues under these tax abatement agreements entered into by the Hart County Industrial Building Authority. Of this amount, approximately \$494,050 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, 2022**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Company	Leased Property (Collateral)	Material Covenants by Company	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
Nestlé Purina PetCare Company	5 parcels of land, improvements and equipment	Employ and maintain employment for 370 individuals and invest at least \$870,000,000 in physical assets in Hart County, Georgia by 12/31/2023.	\$ 870,000,000	Amount of principal and interest payments on bond debt.	01/01/21	12/01/20	12/01/35	None
Linde + Wiemann Sales & Engineering Inc.	28.905 acres land, equipment, and personal property	Employ and maintain employment for at least 201 individuals and invest at least \$64,000,000 in physical assets in Hart County, Georgia by 12/31/2022. If goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount of 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 goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount of principal and interest payments on bond debt.	05/01/17	05/01/16	05/01/33	None

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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Nestlé Purina PetCare Company	-	0%	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%♦
Linde + Wiemann Sales & Engineering Inc.	0%	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%	-	-
Haering Asset LP	0%	0%	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%	♦♦

♦ Project will be added to the tax roster in phases through 2035

♦♦ Project will be added to the tax roster in phases through 2032

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

Joint Development Authority of Franklin, Hart and Stephens Counties

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 in fiscal year 2016.

The net value of the property under lease is \$873,250, which is net of accumulated depreciation of \$144,710.

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

<u>FY</u>	
2023	<u>\$ 18,850</u>
Total	<u>\$ 18,850</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 County had completely amortized the landfill closure and post closure care liability as of September 30, 2020 which represented 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 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. The County continues to perform annual monitoring and testing.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Noncurrent liability activity for the primary government for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation	\$ -	\$ 25,355,000	\$ -	\$ 25,355,000	\$ -
Certificates premium	-	415	-	415	-
Total debt	-	25,355,415	-	25,355,415	-
Compensated absences	887,823	688,973	(616,965)	959,831	566,368
Governmental activities noncurrent liabilities	\$ 887,823	\$ 26,044,388	\$ (616,965)	\$ 26,315,246	\$ 566,368
Business-type activities:					
Compensated absences	\$ 33,171	\$ 28,438	\$ (24,958)	\$ 36,651	\$ 16,705
Business-type activities noncurrent liabilities	\$ 33,171	\$ 28,438	\$ (24,958)	\$ 36,651	\$ 16,705

Certificates of Participation (Direct Borrowing / Placement)

\$25,355,000 Series 2022 Certificates of Participation is due in annual installments of \$305,000 to \$1,505,000 through November 1, 2052; interest at 4.00% to 5.00%. The contract obligates Hart County to pay the debt service obligations on the Hart County Georgia Public Purpose Project Certificates of Participation until the bonds are repaid in order to fund the construction of a new jail.

Fiscal Year	Certificates of Participation		
	Principal	Interest	Total
2023	\$ -	\$ 691,621	\$ 691,621
2024	305,000	1,157,375	1,462,375
2025	425,000	1,140,650	1,565,650
2026	450,000	1,118,775	1,568,775
2027	470,000	1,095,775	1,565,775
2028-2032	2,730,000	5,091,875	7,821,875
2033-2037	3,440,000	4,376,209	7,816,209
2038-2042	4,220,000	3,583,025	7,803,025
2043-2047	5,240,000	2,536,994	7,776,994
2048-2052	6,570,000	1,166,091	7,736,091
2053	1,505,000	35,744	1,540,744
Total	\$ 25,355,000	\$ 21,994,134	\$ 47,349,134

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Compensated Absences

The liability for compensated absences will be paid by the fund from which the employees' salaries are paid as follows:

<u>Fund</u>	<u>Compensated Absences Liability</u>
Governmental activities:	
General Fund	\$ 929,909
E911 Fund	10,153
Insurance Premium Tax Fund	<u>19,769</u>
Total governmental activities	\$ <u>959,831</u>
Business-type activities:	
Solid Waste Fund	\$ 18,945
Hart County Water & Sewer	<u>17,706</u>
	\$ <u>36,651</u>

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 matured on December 1, 2021. The outstanding balance of the Series 2009 bonds payable at December 31, 2021 was unconfirmed.

In March 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000. 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, 2021 was \$45,514,267.

In October 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000. 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, 2021 was unconfirmed.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Conduit Debt Obligations (Continued)

In November 2017, IBA issued in its name Series 2017 taxable industrial development revenue bonds in the amount of \$320,000,000 and recorded a bond issuance fee in the amount of \$400,000 as operating revenues. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Nestlé Purina PetCare Company (the "Nestlé 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 Nestlé 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 is included in the financial statements of IBA. The bonds were scheduled to mature on October 1, 2033. This bond was retired, refunded, and refinanced with a new Series 2020 bond issuance as described below.

In December 2020, IBA issued in its name Series 2020 taxable industrial development revenue bonds in the amount of \$870,000,000 and recorded a bond issuance fee in the amount of \$600,000 as operating revenues. Monies obtained from the bond issuance were used to (1) retire, refund, and refinance the existing Series 2017 bonds for Nestlé Purina PetCare Company as described above, and (2) pay the costs of an expansion to the existing facility including one or more new buildings, structures and related improvements, fixtures and equipment. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid the Nestlé Company under a capital lease. IBA has no obligation on the Series 2020 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA. The bonds mature on December 1, 2035. The outstanding balance of the Series 2020 bonds payable at December 31, 2021 was unconfirmed.

Notes Payable

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, 2021, 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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

Noncurrent liability activity for IBA for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
IBA					
Business-type activities:					
USDA note payable	\$ 2,726,234	\$ -	\$ (45,591)	\$ 2,680,643	\$ 47,213
Business-type activities noncurrent liabilities	<u>\$ 2,726,234</u>	<u>\$ -</u>	<u>\$ (45,591)</u>	<u>\$ 2,680,643</u>	<u>\$ 47,213</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 93,067	\$ 47,213	\$ 140,280
2023	91,388	48,892	140,280
2024	89,902	50,378	140,280
2025	87,857	52,423	140,280
2026	85,993	54,287	140,280
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>\$ 1,757,362</u>	<u>\$ 2,680,643</u>	<u>\$ 4,438,005</u>
Less: Interest			(1,757,362)
Present value of minimum payments			<u>\$ 2,680,643</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDING COMPONENT UNITS: (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

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, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
JDA					
Business-type activities:					
Pinnacle Bank note payable	\$ 274,227	\$ -	\$ (30,416)	\$ 243,811	\$ 31,504
OneGeorgia note payable	32,813	-	(18,751)	14,062	14,062
Business-type activities noncurrent liabilities	\$ 307,040	\$ -	\$ (49,167)	\$ 257,873	\$ 45,566

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 8,185	\$ 45,566	\$ 53,751
2024	7,078	32,610	39,688
2025	5,895	33,794	39,689
2026	4,688	35,001	39,689
2027	3,438	36,251	39,689
2028-2029	2,950	74,651	77,601
Total	\$ 32,234	\$ 257,873	\$ 290,107
Less: Interest			(32,234)
Present value of minimum payments			\$ 257,873

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Water and Sewer Authority

Notes Payable

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. During the year ended 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 liability of \$1,500,000. The first monthly payment was due on November 1, 2017 and the loan will mature on October 1, 2027.

During the year ended September 30, 2022, interest was recorded on this loan in the amount of \$4,372 as a nonoperating expense.

DWSRF Loan #15-032: In January 2018, HCWSA executed an amended loan agreement to borrow a maximum amount of \$365,000 in pass-through federal and state funding from DWSRF administered by GEFA for the purpose of financing the conversion, replacement, or installation of existing water meters to radio read meters. The original agreement called for a loan amount of \$275,000 with 40% principal forgiveness, resulting in a maximum forgiveness of \$110,000. Forgiveness is recognized as funds are drawn on the note. The loan was fully drawn down in January 2020 and debt forgiveness of \$27,134 was recognized for the year ended September 30, 2020 resulting in the forgiveness of the full \$110,000 (40%), leaving a net liability of \$255,000. According to the terms of the loan agreement, 120 monthly payments of \$2,179 to include interest at .50% per annum. The first monthly payment was due on March 1, 2020 and the loan will mature on February 1, 2030. The note is secured by HCWSA's revenue raising powers and repayment of the loan is guaranteed by Hart County, Georgia.

During the year ended September 30, 2022, interest in the amount of \$1,009 was recorded on this loan as a nonoperating expense.

Noncurrent liability activity for HCWSA for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
HCWSA					
Business-type activities:					
DWSRF #13-017	\$ 921,772	\$ -	\$ (149,529)	\$ 772,243	\$ 150,308
DWSRF #15-032	215,470	-	(25,129)	190,341	25,254
Business-type activities noncurrent liabilities	<u>\$ 1,137,242</u>	<u>\$ -</u>	<u>\$ (174,658)</u>	<u>\$ 962,584</u>	<u>\$ 175,562</u>

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

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>
2033	\$ 4,552	\$ 175,562	\$ 180,114
2024	3,641	176,473	180,114
2025	2,726	177,388	180,114
2026	1,808	178,306	180,114
2027	883	179,231	180,114
Thereafter	400	75,624	76,024
Total	<u>\$ 14,010</u>	<u>\$ 962,584</u>	<u>\$ 976,594</u>
Less: Interest			<u>(14,010)</u>
Present value of minimum payments			<u>\$ 962,584</u>

Compensated Absences

Activity related to compensated absences for the year ended September 30, 2022 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>15,743</u>	\$ <u>18,679</u>	\$ <u>(16,716)</u>	\$ <u>17,706</u>	\$ <u>8,517</u>

DISCRETELY PRESENTED COMPONENT UNITS

Hart County Library

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

Hart County Health Department

Noncurrent liability activity for the Health Department for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Health Department Business-type activities:					
Compensated absences	\$ <u>31,424</u>	\$ <u>34,253</u>	\$ <u>(23,935)</u>	\$ <u>41,742</u>	\$ <u>24,000</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS: (CONTINUED)

Hart County Health Department (Continued)

Noncurrent Liabilities (Continued)

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"). The Hart County Health Department does provide OPEB. For complete OPEB disclosures and schedules, please see the Health Department's separately issued standalone audited financial statements.

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, 2022, the County contributed \$99,462 to the plan, based on covered salaries of \$3,315,408. Total payroll was \$9,355,143. Plan members made voluntary contributions of \$186,844.

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.
- (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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Compensation Plan (Continued)

- (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, 2022, net pension liability of \$74,558 and related deferred pension outflows and inflows of \$74,623 and \$145,178, 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, 2022, net pension liability of \$167,045 and related deferred net pension outflows and inflows of \$198,116 and \$308,776, 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, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Other Retirement Benefits

In addition to the above plans, certain employees, elected officials, and appointed officials are eligible for participation in various multi-employer cost-sharing defined benefit plans. The County does not make contributions to the plans and are not under the direct control of the County, qualifying the plans as special funding situations under the requirements of GASB guidance. Management has determined the related impact on the financial statements to be immaterial. The pension plans include: Georgia Firefighters' Pension Fund, Peace Officers' Annuity and Benefit Fund of Georgia, Judges of the Probate Courts Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plan administrators or websites and the plans' annual reports.

NOTE 12 – HOTEL-MOTEL TAX COMPLIANCE – PRIMARY GOVERNMENT

Hart County, Georgia collects five percent (5%) hotel-motel tax. State statutes require the County to contract with a not-for-profit organization and fund that organization with a minimum of 40% of collections which must be expended on the promotion of tourism and trade. The County has an agreement with Hart County Chamber of Commerce to fund that organization with a minimum of 60% of hotel-motel tax collections.

For the fiscal year ended September 30, 2022, Hart County collected \$187,446 in hotel-motel tax and expended \$112,468 to the Chamber of Commerce in support of tourism and trade.

NOTE 13 - 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.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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 14 - 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. IBA and the Haering Company have reached an agreement for the costs of the rock excavation, but the agreement was conditioned on the completion of a new bond issue scheduled to occur in August 2022. IBA has budgeted \$364,580 to resolve this issue. Subsequent to IBA's year-end, the payment was made to Haering.

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 the date of these financial statements, this option has not been exercised, but the option agreement was modified under a new bond issue in August 2022.

IBA: In May 2018, IBA was awarded a grant from the Georgia Department of Community Affairs in the amount of \$500,000 to assist in the location and purchase of machinery and equipment for Nestle Purina Petcare Company in Hartwell, Georgia. As of the date of these financial statements, the grant has been fully drawn.

IBA: In January 2019, IBA was awarded a \$456,168 federal grant from the Appalachian Regional Commission ("ARC") passed through the Georgia Environmental Finance Authority ("GEFA") for the Gateway III Sewer Lift Station Project. The constructed sewer system and associated roadways will be transferred to the Hart County Water and Sewer Authority upon completion. This grant requires a \$195,500 (30%) local match, which will be paid by Hart County, Georgia. As of December 31, 2021, \$436,955 had been expended on this project, with \$302,279 (69.18%) charged to this grant. The grant was extended to December 31, 2022.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

IBA: The Nestle Purina PetCare Company project (the "Nestle Company") is still under construction as of the date of these financial statements. IBA regularly receives preliminary notices to Contractor and/or Interim Lien Notices from subcontractors, some which involve claims which may be in dispute among and/or between these subcontractors, general contractors and the Nestle Company. Most of such claims are paid or settled prior to liens or lawsuits being filed. IBA is indemnified against these claims by these companies and the value of the land leased by the Nestle Company. No lawsuits are pending on any of these preliminary matters or against IBA.

NOTE 15 - 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, 2021):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2022	\$ 867,049
Plus expenditures to IBA between January 1, 2021 and September 30, 2021	204,367
Plus net transactions recorded by the County in September but not recorded by IBA until October	41,660
Less expenditures to IBA between January 1, 2022 and September 30, 2022	<u>(703,728)</u>
Revenue reported by IBA for the fiscal year ended December 31, 2021	\$ <u>409,348</u>

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2022):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2022	\$ 50,817
Plus expenditures to JDA between July 1, 2021 and September 30, 2021	9,922
Plus expenditures accrued by JDA at June 30, 2022 but not submitted to the County for reimbursement by September 30, 2022	5,407
Less expenditures by JDA not submitted for reimbursement to the County	(4,810)
Less expenditures to JDA between July 1, 2022 and September 30, 2022	<u>(9,922)</u>
Revenue reported by JDA for the fiscal year ended June 30, 2022	\$ <u>51,414</u>

Hart County Health Department (fiscal year ended June 30, 2022):

Total amount contributed or expended by Hart County on behalf of the Health Department ("HD") during the fiscal year ended September 30, 2022	\$ 80,000
Plus expenditures to the HD between July 1, 2021 and September 30, 2021	20,000
Less expenditures to the HD between July 1, 2022 and September 30, 2022	<u>(20,000)</u>
Revenue reported by the Health Department for the fiscal year ended June 30, 2022	\$ <u>80,000</u>

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

NOTE 15 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS (CONTINUED)

Hart County Library (fiscal year ended June 30, 2022):

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2022	\$ 77,000
Plus expenditures to the Library between July 1, 2021 and September 30, 2021	19,250
Less expenditures to the Library between July 1, 2022 and September 30, 2022	<u>(19,250)</u>
Revenue reported by the Library for the fiscal year ended June 30, 2022	\$ <u>77,000</u>

NOTE 16 - 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 \$15,035 to the Airport during the year ended September 30, 2022. 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, 2022, the County paid \$27,270 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, 2022, 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	92.1%	\$ 2,572,244
Stephens County	0.0%	-
Franklin County	<u>7.9%</u>	<u>220,990</u>
Total	<u>100.0%</u>	\$ <u>2,793,234</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 17 - 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, 2022, 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 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 forty 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 fifteen years beginning August 2014.

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.

HCWSA also has a Drinking Water State Revolving Fund loan #15-032 secured by an intergovernmental agreement from the County through GEFA that will require payments of \$26,148 per year. The loan funds are being used to acquire and install radio read meters.

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.

NOTE 18 – 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 prior year ended September 30, 2021, neither the County, nor any of the County's blended component units exceeded this threshold for federal awards in the County's name or administered by the County.

NOTE 19 – RELATED PARTY TRANSACTIONS

The County and its component units (blended and discretely presented) may enter into contracts and other agreements or transact business with other municipalities, authorities or companies whose Council or Board members may also sit on the County's Board of Commissioners or the board of a component unit.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 20 - SUBSEQUENT EVENTS

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

- 1) In November 2022, the Board of Commissioners approved the purchase of a 911/CAD system upgrade in the amount of \$240,000. The system was placed in service in April 2023.
- 2) In January 2023, Hart County received its pro-rata share totaling \$83,865 through the Janssen Settlement Agreement; a national litigation case accusing major pharmaceutical companies and drug distributors of prescribing opioids with and without the intent of addicting/poisoning its users. The Board of Commissioners directed these funds towards opioid remediation for Hart County residents suffering from opioid addiction.
- 3) In January 2023, the Board of Commissioners approved the purchase of a Massey Ferguson tractor and diamond with 50' mower rotary head/grinding head cutter in the amount of \$248,000.
- 4) As of the date of these financial statements, a total of \$13,715,007 in reimbursable projects costs have been incurred for the new jail facility, which is expected to be complete within the next year.
- 5) IBA: As of IBA's year-end of December 31, 2021, IBA was awarded a \$500,000 OneGeorgia Edge grant to assist in the purchase of machinery and equipment for Nestle Purina Petcare Company in Hartwell, Georgia as part of their Phase 2 expansion project. As of IBA's year-end of December 31, 2021, no draws had been requested. Management expects the first draw request to take place in 2023.
- 6) IBA: As of IBA's year-end of December 31, 2021, IBA's attorney and the Haering Company were working on a new bond issue in the amount of \$283,000,000 which would refinance and refund the Haering Company 2016 Series bond issue and terminate, satisfy and settle all outstanding issues related to the 2016 Memorandum of Understanding and Economic Development Agreement between IBA and the Haering Company. The new bond issue was completed after the date of IBA's financial statements.
- 7) HCWSA: In October 2022, HCWSA applied for a loan from GEFA in the amount of \$4,985,000 for extending water lines into the Reed Creek area of Hart County as well as an additional water tank. If the loan is approved by GEFA, it could have a principal loan forgiveness portion up to 49%. The loan and the project would also have to be approved by the Board of Directors.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS

The County implemented GASB Statement No. 87, *Leases*, effective for the year ending September 30, 2022. The requirements of this statement are effective for periods beginning after June 15, 2021 so blended component units included in these financial statements with earlier fiscal year-ends have not yet implemented GASB Statement No. 87. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of GASB Statement No. 87 and the impact on the County's financial statements are explained in Note 8, Leases Receivable, and Note 9, Noncurrent Liabilities.

The County also implemented GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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, 2022
(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,742,946	\$ 12,360,070	\$ 13,550,262	\$ 1,190,192
Licenses and permits	32,500	32,500	126,571	94,071
Intergovernmental	206,400	206,400	198,045	(8,355)
Fines and forfeitures	472,021	472,021	672,252	200,231
Charges for services	1,287,100	1,287,100	1,371,680	84,580
Investment earnings	10,000	10,000	82,848	72,848
Contributions & donations	-	-	51,208	51,208
Miscellaneous	162,390	162,390	222,582	60,192
Total revenues	13,913,357	14,530,481	16,275,448	1,744,967
EXPENDITURES				
Current expenditures				
General government				
General government	182,812	182,812	121,199	(61,613)
Elections	134,446	141,933	141,933	-
Data processing	187,077	201,388	201,388	-
Professional	120,000	179,968	179,968	-
Executive	529,514	529,514	457,814	(71,700)
Tax commissioner	300,015	300,015	289,689	(10,326)
Tax assessor	552,889	552,889	540,245	(12,644)
Risk management	170,000	242,695	242,695	-
Buildings and properties	133,950	360,443	360,443	-
General administration fees	5,304	5,304	5,250	(54)
Total general government	2,316,007	2,696,961	2,540,624	(156,337)
Judicial				
Superior court	117,291	130,012	130,012	-
Clerk of superior court	373,089	373,089	370,518	(2,571)
Probate court	276,485	276,485	254,290	(22,195)
Juvenile court	61,000	61,000	40,232	(20,768)
Grand jury	40,000	49,873	49,873	-
Public defender	86,900	91,165	91,165	-
District attorney	61,282	61,282	46,566	(14,716)
Magistrate court	217,216	217,216	211,545	(5,671)
Board of equalization	10,425	10,425	7,448	(2,977)
Total judicial	1,243,688	1,270,547	1,201,649	(68,898)
Public Safety				
Sheriff	2,740,898	2,856,940	2,856,940	-
Jail operations	1,924,980	1,933,473	1,933,473	-
Whitworth women's center	41,650	24,750	1,426	(23,324)
Coroner and medical examiner	37,605	44,370	44,370	-
Emergency management	34,808	34,808	26,806	(8,002)
Emergency medical service	2,708,013	2,713,435	2,713,435	-
E-911 addressing and permitting	52,312	52,312	-	(52,312)
GIS services 911	19,276	19,276	9,843	(9,433)
Animal control	134,059	134,406	134,406	-
Total public safety	7,693,601	7,813,770	7,720,699	(93,071)

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**HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2022
(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	-	(20,000)
Highways & streets	931,027	1,029,397	1,029,397	-
Maintenance shop	650,559	650,559	560,793	(89,766)
Total public works	<u>1,601,586</u>	<u>1,699,956</u>	<u>1,590,190</u>	<u>(109,766)</u>
Public Health and Welfare				
Health	83,100	85,579	85,579	-
Welfare	25,080	25,080	25,080	-
Senior citizens center	144,873	144,873	117,778	(27,095)
Transportation services	135,451	139,920	139,920	-
Total public health and welfare	<u>388,504</u>	<u>395,452</u>	<u>368,357</u>	<u>(27,095)</u>
Recreation and Culture				
Recreation	370,189	370,189	369,990	(199)
Library administration	77,000	77,000	77,000	-
Total recreation and culture	<u>447,189</u>	<u>447,189</u>	<u>446,990</u>	<u>(199)</u>
Housing and Development				
Agricultural resources	97,691	97,691	66,819	(30,872)
Economic development & assistance	66,525	66,525	41,054	(25,471)
Airport authority	8,500	8,500	8,500	-
Adult basic education	13,650	13,650	13,011	(639)
Total housing and development	<u>186,366</u>	<u>186,366</u>	<u>129,384</u>	<u>(56,982)</u>
Total expenditures	<u>13,876,941</u>	<u>14,510,241</u>	<u>13,997,893</u>	<u>(512,348)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,416</u>	<u>20,240</u>	<u>2,277,555</u>	<u>2,257,315</u>
Other financing sources (uses)				
Carryover of funds	97,004	177,780	-	(177,780)
Transfers out	(133,420)	(198,020)	(198,020)	-
Total other financing sources (uses)	<u>(36,416)</u>	<u>(20,240)</u>	<u>(198,020)</u>	<u>(177,780)</u>
Net change in fund balance	-	-	2,079,535	2,079,535
Fund balance, beginning of year	<u>10,715,746</u>	<u>10,715,746</u>	<u>10,715,746</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,715,746</u>	<u>\$ 10,715,746</u>	<u>\$ 12,795,281</u>	<u>\$ 2,079,535</u>

HART COUNTY, GEORGIA
AMERICAN RESCUE PROGRAM ACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2022
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 771,623	\$ 771,623	\$ -
Investment earnings	-	20,296	20,296	-
Total revenues	-	791,919	791,919	-
EXPENDITURES				
Current expenditures				
General government				
General government	-	77,276	77,276	-
Elections	-	2,153	2,153	-
Data processing	-	2,153	2,153	-
Executive	-	4,940	4,940	-
Tax commissioner	-	7,536	7,536	-
Tax assessor	-	26,649	26,649	-
Buildings and properties	-	2,691	2,691	-
Total general government	-	123,398	123,398	-
Judicial				
Clerk of superior court	-	104,229	104,229	-
Probate court	-	6,459	6,459	-
Magistrate court	-	4,306	4,306	-
Total judicial	-	114,994	114,994	-
Public Safety				
Sheriff	-	66,851	66,851	-
Jail operations	-	40,023	40,023	-
Fire administration	-	6,997	6,997	-
Emergency management	-	7,864	7,864	-
Emergency medical service	-	322,718	322,718	-
GIS services 911	-	12,380	12,380	-
Animal control	-	2,153	2,153	-
Total public safety	-	458,986	458,986	-

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HART COUNTY, GEORGIA
AMERICAN RESCUE PROGRAM ACT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2022
(Required Supplementary Information)

Continued from previous page

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Highways & streets	-	42,214	42,214	-
Maintenance shop	-	17,955	17,955	-
Solid waste	-	17,686	17,686	-
Total public works	-	77,855	77,855	-
Public Health and Welfare				
Senior citizens center	-	3,230	3,230	-
Transportation services	-	4,306	4,306	-
Total public health and welfare	-	7,536	7,536	-
Recreation and Culture				
Recreation	-	6,997	6,997	-
Total recreation and culture	-	6,997	6,997	-
Housing and Development				
Economic development & assistance	-	2,153	2,153	-
Total housing and development	-	2,153	2,153	-
Total expenditures	-	791,919	791,919	-
 Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
 Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
 Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2022
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 756,229	\$ 785,555	\$ 785,555	\$ -
Investment earnings	-	130	10,963	10,833
Total revenues	<u>756,229</u>	<u>785,685</u>	<u>796,518</u>	<u>10,833</u>
EXPENDITURES				
Current				
General government	-	6	6	-
Public safety	-	29,450	29,450	-
Total expenditures	<u>-</u>	<u>29,456</u>	<u>29,456</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	756,229	756,229	767,062	10,833
Fund balances, beginning of year	<u>809,645</u>	<u>809,645</u>	<u>809,645</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,565,874</u></u>	<u><u>\$ 1,565,874</u></u>	<u><u>\$ 1,576,707</u></u>	<u><u>\$ 10,833</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, 2022
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,445,147	\$ 1,445,147	\$ 1,570,485	\$ 125,338
Investment earnings	13,000	13,000	13,028	28
Contributions and donations	-	-	1,404	1,404
Total revenues	<u>1,458,147</u>	<u>1,458,147</u>	<u>1,584,917</u>	<u>126,770</u>
EXPENDITURES				
Current				
General government	198,683	178,366	97,134	(81,232)
Public safety	571,613	591,930	591,930	-
Public works	601,519	601,519	601,519	-
Total expenditures	<u>1,371,815</u>	<u>1,371,815</u>	<u>1,290,583</u>	<u>(81,232)</u>
Excess (deficiency) of revenues over (under) expenditures	86,332	86,332	294,334	208,002
Fund balances, beginning of year	<u>2,848,508</u>	<u>2,848,508</u>	<u>2,848,508</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 2,934,840</u></u>	<u><u>\$ 2,934,840</u></u>	<u><u>\$ 3,142,842</u></u>	<u><u>\$ 208,002</u></u>

HART COUNTY, GEORGIA
EIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2022
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 27,675	\$ 27,675	\$ -
Miscellaneous revenues	-	152,945	152,945	-
Total revenues	-	180,620	180,620	-
EXPENDITURES				
General government	-	2,137	2,137	-
Housing and development	-	400,000	400,000	-
Total expenditures	-	402,137	402,137	-
Excess (deficiency) of revenues over (under) expenditures	-	(221,517)	(221,517)	-
Other financing sources (uses) Carryover of funds	-	221,517	-	(221,517)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(221,517)	(221,517)
Fund balances, beginning of year	383,901	383,901	383,901	-
Fund balances, end of year	\$ 383,901	\$ 383,901	\$ 162,384	\$ (221,517)

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

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, 2022, 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**

**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 multi-year Georgia Local Management Improvement Grants ("LMIG") for road resurfacing.

ARPA Fund – This fund is used to account for the revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

NONMAJOR FUNDS:

Confiscated Assets – Vice Control Fund – This fund is used to account for the proceeds received from the federal government from sales of confiscated assets 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.

Hotel-Motel Tax Fund – This fund is used to account for the collections of Hotel-Motel taxes and the County's support for the Chamber of Commerce.

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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022**

Special Revenue Funds

	Confiscated Assets	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Hotel Motel Tax	Health Care Services	TOTAL
ASSETS										
Cash and cash equivalents	\$ 45,896	\$ 316,756	\$ 44,987	\$ 36,957	\$ 47,617	\$ 28,289	\$ 23,015	\$ 197,676	\$ 88,594	\$ 829,787
Receivables (net of allowance for uncollectibles)	-	-	1,558	42,921	3,032	-	-	13,765	-	61,276
Prepaid items	-	1,350	-	25,924	-	-	-	-	-	27,274
Leases receivable	-	363,770	-	-	-	-	-	-	-	363,770
Total assets	\$ 45,896	\$ 681,876	\$ 46,545	\$ 105,802	\$ 50,649	\$ 28,289	\$ 23,015	\$ 211,441	\$ 88,594	\$ 1,282,107
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 4,304	\$ -	\$ 1,242	\$ -	\$ -	\$ 112,467	\$ -	\$ 118,013
Other accrued items	-	-	-	5,399	-	-	-	-	-	5,399
Due to other funds	-	-	-	1,034	-	-	-	-	-	1,034
Total liabilities	-	-	4,304	6,433	1,242	-	-	112,467	-	124,446
Deferred inflows of resources										
Deferred leases	-	356,964	-	-	-	-	-	-	-	356,964
Total deferred inflows of resources	-	356,964	-	-	-	-	-	-	-	356,964
Fund balances										
Nonspendable	-	1,350	-	25,924	-	-	-	-	-	27,274
Restricted	45,896	323,562	42,241	73,445	49,407	28,289	23,015	98,974	88,594	773,423
Total fund balances	45,896	324,912	42,241	99,369	49,407	28,289	23,015	98,974	88,594	800,697
Total liabilities, deferred inflows of resources and fund balances	\$ 45,896	\$ 681,876	\$ 46,545	\$ 105,802	\$ 50,649	\$ 28,289	\$ 23,015	\$ 211,441	\$ 88,594	\$ 1,282,107

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

Special Revenue Funds

	Confiscated Assets	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Hotel Motel Tax	Health Care Services	TOTAL
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,896	\$ -	\$ 185,896
Licenses and permits	-	-	-	-	-	-	-	1,550	-	1,550
Charges for services	-	45,435	-	528,698	-	-	-	-	-	574,133
Fines and forfeitures	-	-	25,417	-	34,357	-	8,620	-	-	68,394
Investment earnings	-	8,945	267	13	3	-	-	-	-	9,228
Contributions and donations	700	-	-	-	-	-	-	-	-	700
Miscellaneous	26,953	-	-	-	-	6,000	-	-	-	32,953
Total revenues	27,653	54,380	25,684	528,711	34,360	6,000	8,620	187,446	-	872,854
EXPENDITURES										
Current										
Judicial	-	-	-	-	-	-	7,945	-	-	7,945
Public safety	1,565	-	33,176	532,731	30,190	-	-	-	5,375	603,037
Health and welfare	-	18,848	-	-	-	7,358	-	-	-	26,206
Housing and development	-	-	-	-	-	-	-	112,654	-	112,654
Total expenditures	1,565	18,848	33,176	532,731	30,190	7,358	7,945	112,654	5,375	749,842
Excess (deficiency) of revenues over (under) expenditures	26,088	35,532	(7,492)	(4,020)	4,170	(1,358)	675	74,792	(5,375)	123,012
Net change in fund balances	26,088	35,532	(7,492)	(4,020)	4,170	(1,358)	675	74,792	(5,375)	123,012
Fund balances, beginning of year	19,808	289,380	49,733	103,389	45,237	29,647	22,340	24,182	93,969	677,685
Fund balances, end of year	\$ 45,896	\$ 324,912	\$ 42,241	\$ 99,369	\$ 49,407	\$ 28,289	\$ 23,015	\$ 98,974	\$ 88,594	\$ 800,697

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Contributions and donations	\$ -	\$ -	\$ 700	\$ 700
Miscellaneous	-	-	26,953	26,953
Total revenues	-	-	27,653	27,653
EXPENDITURES				
Current				
Public safety	6,500	6,500	1,565	(4,935)
Total expenditures	6,500	6,500	1,565	(4,935)
Excess (deficiency) of revenues over (under) expenditures	(6,500)	(6,500)	26,088	32,588
Fund balances, beginning of year	19,808	19,808	19,808	-
Fund balances, end of year	\$ 13,308	\$ 13,308	\$ 45,896	\$ 32,588

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 69,020	\$ 69,020	\$ 45,435	\$ (23,585)
Investment earnings	2,134	2,134	8,945	6,811
Total revenues	<u>71,154</u>	<u>71,154</u>	<u>54,380</u>	<u>(16,774)</u>
EXPENDITURES				
Current				
Health and welfare	37,750	37,750	18,848	(18,902)
Total expenditures	<u>37,750</u>	<u>37,750</u>	<u>18,848</u>	<u>(18,902)</u>
Excess (deficiency) of revenues over (under) expenditures	33,404	33,404	35,532	2,128
Fund balances, beginning of year	<u>289,380</u>	<u>289,380</u>	<u>289,380</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 322,784</u></u>	<u><u>\$ 322,784</u></u>	<u><u>\$ 324,912</u></u>	<u><u>\$ 2,128</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 27,400	\$ 25,417	\$ 25,417	\$ -
Investment earnings	-	267	267	-
Total revenues	<u>27,400</u>	<u>25,684</u>	<u>25,684</u>	<u>-</u>
EXPENDITURES				
Current				
Public safety	10,500	33,176	33,176	-
Total expenditures	<u>10,500</u>	<u>33,176</u>	<u>33,176</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	16,900	(7,492)	(7,492)	-
Other financing sources (uses)				
Carryover of funds	-	7,492	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,900	-	(7,492)	-
Fund balances, beginning of year	<u>49,733</u>	<u>49,733</u>	<u>49,733</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 66,633</u></u>	<u><u>\$ 49,733</u></u>	<u><u>\$ 42,241</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 465,000	\$ 528,698	\$ 528,698	\$ -
Investment earnings	-	13	13	-
Total revenues	<u>465,000</u>	<u>528,711</u>	<u>528,711</u>	<u>-</u>
EXPENDITURES				
Current				
Public safety	<u>504,109</u>	<u>532,731</u>	<u>532,731</u>	<u>-</u>
Total expenditures	<u>504,109</u>	<u>532,731</u>	<u>532,731</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(39,109)	(4,020)	(4,020)	-
Other financing sources (uses)				
Carryover of funds	<u>39,109</u>	<u>4,020</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(4,020)	-
Fund balances, beginning of year	<u>103,389</u>	<u>103,389</u>	<u>103,389</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 103,389</u></u>	<u><u>\$ 103,389</u></u>	<u><u>\$ 99,369</u></u>	<u><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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 34,357	\$ (5,643)
Investment earnings	-	-	3	3
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>34,360</u>	<u>(5,640)</u>
EXPENDITURES				
Current				
Public safety	<u>42,000</u>	<u>42,000</u>	<u>30,190</u>	<u>(11,810)</u>
Total expenditures	<u>42,000</u>	<u>42,000</u>	<u>30,190</u>	<u>(11,810)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,000)	(2,000)	4,170	6,170
Fund balances, beginning of year	<u>45,237</u>	<u>45,237</u>	<u>45,237</u>	<u>-</u>
Fund balances, end of year	<u>\$ 43,237</u>	<u>\$ 43,237</u>	<u>\$ 49,407</u>	<u>\$ 6,170</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
EXPENDITURES				
Current				
Health and welfare	6,000	7,358	7,358	-
Total expenditures	<u>6,000</u>	<u>7,358</u>	<u>7,358</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,358)	(1,358)	-
Other financing sources (uses)				
Carryover of funds	-	1,358	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(1,358)	(1,358)
Fund balances, beginning of year	<u>29,647</u>	<u>29,647</u>	<u>29,647</u>	<u>-</u>
Fund balances, end of year	<u>\$ 29,647</u>	<u>\$ 29,647</u>	<u>\$ 28,289</u>	<u>\$ (1,358)</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ 8,620	\$ 8,620	\$ -
Total revenues	<u>-</u>	<u>8,620</u>	<u>8,620</u>	<u>-</u>
EXPENDITURES				
Current				
Judicial	-	7,945	7,945	-
Total expenditures	<u>-</u>	<u>7,945</u>	<u>7,945</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	675	675	-
Fund balances, beginning of year	<u>22,340</u>	<u>22,340</u>	<u>22,340</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 22,340</u></u>	<u><u>\$ 23,015</u></u>	<u><u>\$ 23,015</u></u>	<u><u>\$ -</u></u>

HART COUNTY, GEORGIA
HOTEL - MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ 185,896	\$ 185,896	\$ -
Licenses and permits	-	1,550	1,550	-
Total revenues	<u>-</u>	<u>187,446</u>	<u>187,446</u>	<u>-</u>
EXPENDITURES				
Current				
Housing and development	-	112,654	112,654	-
Total expenditures	<u>-</u>	<u>112,654</u>	<u>112,654</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	74,792	74,792	-
Fund balances, beginning of year	<u>24,182</u>	<u>24,182</u>	<u>24,182</u>	<u>-</u>
Fund balances, end of year	<u>\$ 24,182</u>	<u>\$ 98,974</u>	<u>\$ 98,974</u>	<u>\$ -</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
Public safety	-	5,375	5,375	-
Total expenditures	<u>-</u>	<u>5,375</u>	<u>5,375</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(5,375)	(5,375)	-
Other financing sources (uses)				
Carryover of funds	-	5,375	-	(5,375)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(5,375)	(5,375)
Fund balances, beginning of year	<u>93,969</u>	<u>93,969</u>	<u>93,969</u>	<u>-</u>
Fund balances, end of year	<u>\$ 93,969</u>	<u>\$ 93,969</u>	<u>\$ 88,594</u>	<u>\$ (5,375)</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
September 30, 2022

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash and cash equivalents	\$ 672,300	\$ 305,967	\$ 136,599	\$ 12,818	\$ 226,811	\$ 1,354,495
Taxes receivable	600,242	-	-	-	-	600,242
Total assets	<u>1,272,542</u>	<u>305,967</u>	<u>136,599</u>	<u>12,818</u>	<u>226,811</u>	<u>1,954,737</u>
LIABILITIES						
Due to others	1,272,542	305,967	136,599	12,818	226,811	1,954,737
Total liabilities	<u>1,272,542</u>	<u>305,967</u>	<u>136,599</u>	<u>12,818</u>	<u>226,811</u>	<u>1,954,737</u>
NET POSITION						
Restricted for individuals, organizations, and other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
For the Year Ended September 30, 2022

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ADDITIONS						
Taxes, fines and forfeitures collected for other governments	\$ 27,770,834	\$ 1,611,386	\$ 668,863	\$ 143,772	\$ 431,150	\$ 30,626,005
DEDUCTIONS						
Distributions of taxes, fines and forfeitures to other governments	<u>27,770,834</u>	<u>1,611,386</u>	<u>668,863</u>	<u>143,772</u>	<u>431,150</u>	<u>30,626,005</u>
Change in net position	-	-	-	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Financial Statements

Fiduciary Funds – Custodial Funds

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

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, 2022

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets, and bridges	\$ 3,994,880	\$ 4,234,940	\$ 4,234,940	\$ -	\$ 4,234,940	100.00%
Water system capital outlay	3,200,000	3,184,773	3,184,773	-	3,184,773	100.00%
Industrial development capital outlay	3,200,000	3,306,943	3,306,943	-	3,306,943	100.00%
Capital outlay projects for the City of Royston	358,400	358,400	358,400	-	358,400	100.00%
Capital outlay projects for the Town of Bowersville	185,600	185,600	185,600	-	185,600	100.00%
Capital outlay projects for the City of Canon	37,120	37,120	37,120	-	37,120	100.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,424,000	2,424,000	-	2,424,000	100.00%
Fire protection equipment	1,360,000	1,353,376	1,353,376	-	1,353,376	100.00%
Recreational facilities	1,360,000	1,328,003	1,328,003	-	1,328,003	100.00%
Total	\$ 16,000,000	\$ 16,413,155	\$ 16,413,155	\$ -	\$ 16,413,155	

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 #4 was approved by voters in Hart County with funds to be specifically used for:

- 1) Roads, streets, and 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 six years with collections that started on April 1, 2012.

Note D: The final payments were made from SPLOST #4 during the year ended September 30, 2022 and all projects have been completed. SPLOST #4 sold the remaining inventory of road signs to SPLOST #5 at historical cost in order to close out SPLOST #4.

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #5)
For the Year Ended September 30, 2022

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets, and bridges	\$ 3,600,900	\$ 3,653,995	\$ 1,326,262	\$ 741,289	\$ 2,067,551	56.58%
Water system capital outlay	3,200,000	3,215,227	1,453,857	525,339	1,979,196	61.56%
Economic development capital outlay	3,200,000	3,093,057	485,925	731,337	1,217,262	39.35%
Capital outlay projects for the City of Royston	358,400	358,400	118,071	13,399	131,470	36.68%
Capital outlay projects for the Town of Bowersville	185,600	185,600	28,935	-	28,935	15.59%
Capital outlay projects for the City of Canon	37,100	37,100	19,927	-	19,927	53.71%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	2,005,689	298,311	2,304,000	100.00%
Fire protection facilities and equipment	1,400,000	1,406,624	275,118	254,098	529,216	37.62%
Public safety equipment and capital improvements	1,214,000	1,214,000	610,312	132,926	743,238	61.22%
Recreation capital improvements	500,000	531,997	37,785	179,961	217,746	40.93%
Total	\$ 16,000,000	\$ 16,000,000	\$ 6,361,881	\$ 2,876,660	\$ 9,238,541	

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

Note B: On November 7, 2017, the special one percent sales tax #5 was approved by voters in Hart County with funds to be specifically used for:

- 1) Roads, streets, and bridges
- 2) Water system capital outlay projects
- 3) Economic development capital outlay projects
- 4) Fire fighting, public safety and recreation equipment and capital improvements
- 5) 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 7, 2017, and shall continue for a period of six years with collections that started on April 1, 2018.

**HART COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended September 30, 2022**

Hart County, Georgia (In Conjunction with the Hart County Water & Sewer Authority)
Recipient Name

20p-y-073-1-6136
Award Number

October 16, 2020 to October 16, 2022
Award Period

I.	Total Fiscal Year 2020 CDBG Funds Awarded to Recipient:	<u>\$ 750,000</u>
II.	Total Amount Drawdown by Recipient from DCA:	
	Reported in Fiscal Year 2021	\$ 43,795
	Reported in Fiscal Year 2022	<u>706,205</u>
	Total Amount Drawdown by Recipient from DCA	<u>\$ 750,000</u>
III.	Less: Fiscal Year 2020 CDBG Funds Expended by Recipient (Cumulative):	<u>\$ 750,000</u>
IV.	Amount of Fiscal Year 2020 CDBG Funds Held by Recipient:	<u>\$ -</u>
V.	Amount of Fiscal Year 2020 CDBG Funds Still Available:	<u>\$ -</u>

**HART COUNTY, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended September 30, 2022**

Hart County, Georgia (In Conjunction with the Hart County Water & Sewer Authority)

Recipient Name

20p-y-073-1-6136

Award Number

October 16, 2020 to October 16, 2022

Award Period

<u>Program Activity</u>	<u>CDBG Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated CDBG Expenditures to Date</u>	<u>Accumulated Expenditures to Date (Other Funds)*</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs</u>
Engineering	T-03J-00	\$ 43,795	\$ 43,795	\$ 35,100	\$ 78,895	\$ -
Water facilities	P-03J-01	683,705	683,705	337,111	1,020,816	-
Grant administration	A-21A-00	22,500	22,500	22,500	45,000	-
TOTAL		<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 394,711</u>	<u>\$ 1,144,711</u>	<u>\$ -</u>

*Source of other funds: local government match \$394,711

Part IV

Compliance Section

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



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July 13, 2023

**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, 2022, 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 July 13, 2023. 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.

Report on 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) as a basis for designing 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 first paragraph of this section 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 or significant deficiencies may exist that were not identified.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 2
July 13, 2023

Report on 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 financial statements. 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 July 13, 2023.

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
Certified Public Accountants

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July 13, 2023

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hart County, Georgia's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Hart County, Georgia's major federal programs for the year ended September 30, 2022. Hart County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hart County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hart County, Georgia and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hart County, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hart County, Georgia's federal programs.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia

Page 2

July 13, 2023

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hart County, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hart County, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hart County, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hart County, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hart County, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia

Page 3

July 13, 2023

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HART COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed-Through Amounts to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Defense</u>				
<i>Passed-through the Georgia Office of the State Treasurer (GA OST)</i>				
Payments to States in Lieu of Real Estate Taxes	12.112	8590-14917	\$ -	\$ 70,656
<i>Total passed-through GA OST</i>			-	70,656
Total U.S. Department of Defense			-	70,656
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed-through the Georgia Department of Community Affairs (GA DCA)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20p-y-073-1-6136	-	706,205
<i>Total passed-through the GA DCA</i>			-	706,205
Total U.S. Department of Housing and Urban Development			-	706,205
<u>U.S. Department of the Interior</u>				
<i>Direct Programs</i>				
Payments in Lieu of Taxes (PILT)	15.226	Hart County, Georgia	-	58,911
Total U.S. Department of the Interior			-	58,911
<u>U.S. Department of Transportation</u>				
<i>Passed-through the Georgia Department of Transportation (GA DOT)</i>				
Formula Grants for Other Than Urbanized Areas	20.509	GA-2021-003-00	-	60,090
<i>Total passed-through the GA DOT</i>			-	60,090
Total U.S. Department of Transportation			-	60,090
<u>U.S. Department of the Treasury</u>				
<i>Direct Programs</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	LLAMXHM78E88	-	657,333
<i>Passed-through the Georgia Office of Planning and Budget (GA OPB)</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Georgia Public Safety Officials and First Responders Supplement Grant	21.027	14614	-	114,290
<i>Total passed-through the GA OPB</i>			-	114,290
Total Assistance Listing Number 21.027			-	771,623
Total U.S. Department of the Treasury			-	771,623
<u>U.S. Department of Homeland Security</u>				
<i>Passed-through the Georgia Emergency Management Agency (GEMA)</i>				
Emergency Management Performance Grants	97.042	OEM21-075	-	8,388
<i>Total passed-through GEMA</i>			-	8,388
Total U.S. Department of Homeland Security			-	8,388
Total Expenditures of Federal Awards			\$ -	\$ 1,675,873

The accompanying notes are an integral part of this schedule.

HART COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") is a summary of the expenditures relating to Hart County, Georgia's (the "County") federal award programs for the year ended September 30, 2022. The County's reporting entity is defined in Note 1 to the County's basic financial statements. The SEFA includes all federal award programs administered by the primary government and includes awards received directly from federal agencies as well as federal awards passed through other governmental agencies. The SEFA does not include the federal activity of the Hart County Industrial Building Authority ("IBA") or the Hart County Water and Sewer Authority ("HCWSA"), blended component units of the County since their federal awards are included in separate audits in compliance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), if applicable.

(B) Basis of Presentation

The SEFA presents total federal awards expended for each individual federal program in accordance with the Uniform Guidance. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance ("CFDA"). Pass-through entity identifying numbers are presented where available.

(C) Basis of Accounting

The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Expenditures are reported on the accrual basis of accounting based on accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles outlined in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. The County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(D) Relationship to the Basic Financial Statements

The amounts reported in the SEFA agree, in all material respects, to amounts reported within the County's basic financial statements, excluding amounts reported by blended component units. Because the schedule presents only a selected portion of the operations of the County, it is not intended to, and does not, present the net position, change in net position, or cash flows of the County.

(E) Federal Loans Programs with Continuing Compliance Requirements

As of September 30, 2022, the County, excluding blended component units, has no outstanding federal loan balances that are subject to the continuing compliance requirements of the Uniform Guidance, therefore no federal loan balances are included in the federal expenditures presented in the SEFA.

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

21.027

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Does the auditee qualify as a low risk auditee?

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported