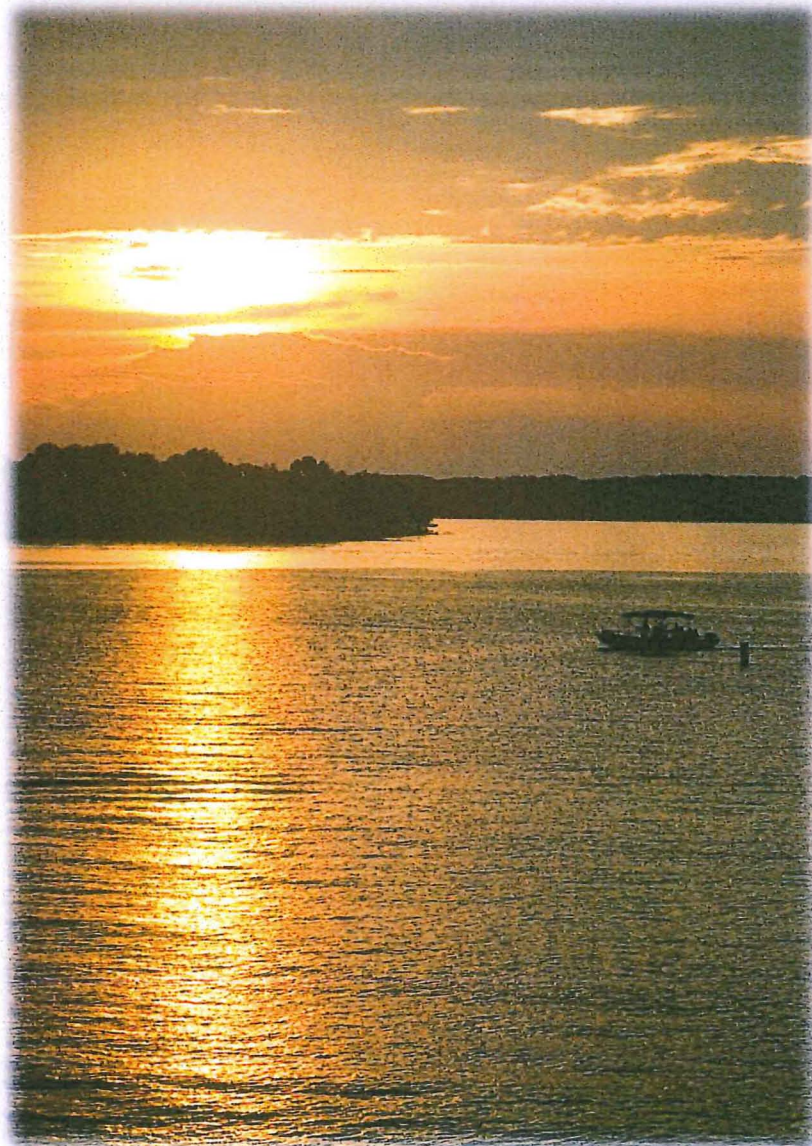


HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2015



Part I
Introductory Section



**HART COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

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FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

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**HART COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2015**

ELECTED

Jimmy Carey, Chairman, County Commissioner, District Three

R.C. Oglesby, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Ricky Carter, County Commissioner, District Four

Joey Dorsey, County Commissioner, District Five

STAFF

Jon Caime, County Administrator

Lawana Kahn, County Clerk

Betty Floyd, Associate County Clerk

Part II
Financial Section



BURCH, CROOMS & COMPANY, LLP
Certified Public Accountants

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

March 24, 2016

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, which represent 48.7%, 191.4%, and 66.2%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hart County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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Hart County, Georgia
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March 24, 2016

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Notes 11 and 19 to the financial statements, two of Hart County, Georgia's component units, the Hart County Library and the Hart County Health Department, adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* during their fiscal years ended June 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 17 and 70 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's basic financial statements. The introductory section and the combining and individual nonmajor fund financial statements, nonmajor budgetary schedules and the schedules of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents on pages 76-89 are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 3
March 24, 2016

The combining and individual nonmajor fund financial statements and nonmajor budgetary schedules, and the schedules of projects constructed with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, nonmajor budgetary schedules, and the schedules of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Burch, Crooms & Company, LLP

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

This section of Hart County, Georgia's (the "County") annual financial report presents a narrative overview and an analysis of the financial activities of the County for the fiscal year ended September 30, 2015. Management encourages readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.



FINANCIAL HIGHLIGHTS

The financial position of the County declined during fiscal year 2015, primarily due to transfers of capital assets. The total net position for governmental activities decreased by \$1,959,552 from \$57,690,037 in fiscal year 2014 to \$55,730,485 in fiscal year 2015. \$994,037 of this decline was due to a prior period restatement to remove land which had been transferred to the Hart County Industrial Building Authority, a component unit of Hart County, Georgia for the development of Gateway Industrial Park. During the year, the County also transferred the Georgia State Patrol project with a cost of \$677,102 to the state of Georgia.

Unrestricted net position for the governmental activities decreased by \$272,233 from \$5,470,465 in fiscal year 2014 to \$5,198,232 in fiscal year 2015. Total net position increased for the business-type activities by \$356,687 from \$22,639,388 in fiscal year 2014 to \$22,996,075 in fiscal year 2015. Total net position for the primary government decreased by \$1,602,865 from fiscal year 2014 to fiscal year 2015. Decreases in net positions were planned financial activities.

The assets of Hart County, Georgia's governmental activities exceeded its liabilities at September 30, 2015 by \$55,730,485 (net position). Of this amount, \$5,198,232 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.

As of September 30, 2015, the County's governmental funds reported combined ending fund balances of \$9,693,821, which is an increase of \$612,288 or 6.74% from the previous fiscal year. This increase is primarily due to grant awards received but not yet expended for capital projects, as well as the prior year write-off of EMS receivable balances and management's implementation of a plan to more aggressively address EMS receivables in FY15.

As of September 30, 2015, the unassigned fund balance for the General Fund was \$4,545,185 or 41.7% of total General Fund expenditures. The Hart County Board of Commissioners (the "BOC") budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. The County Administrator recommends a target 25-50% of General Fund unassigned fund balance be maintained for cash flow and emergency needs with a minimum threshold of 25% in unrestricted cash. As of September 30, 2015, unrestricted cash of \$3,090,418 made up 68.0% of unassigned fund balance.

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

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 fifteen (15) governmental funds. The seven (7) major funds, the General Fund; the SPLOST #3, SPLOST #4, and combined CDBG Funds (capital projects funds); and the Insurance Premium Tax Fund, Multiple Grant Fund, and combined EIP Funds (special revenue funds) are presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data for the eight (8) nonmajor funds, the SPLOST #2 Fund (capital projects fund); and the DFACS Building Fund, Drug Abuse Treatment and Education Fund, E911 Fund, Jail Fund, Behavioral Health Escrow Fund, the Law Library and the Health Care Services Fund (special revenue funds) are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor special revenue funds for which budgets are legally adopted is provided in the form of combining statements and individual fund statements and schedules located in the supplementary information section following the notes to the financial statements.

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

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

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

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Notes to the Financial Statements

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

Other information: In addition to the basic financial statements and notes, this report also includes certain required supplementary information including the County's schedule 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, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Hart County, Georgia
Summary Statements of Net Position
September 30, 2015 and 2014
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets:						
Cash and investments	\$ 5,739	\$ 5,956	\$ 1,450	\$ 1,887	\$ 7,189	\$ 7,843
Other assets	5,266	5,944	297	511	5,563	6,455
Capital assets	45,756	47,966	27,741	26,429	73,497	74,395
Total assets	<u>56,761</u>	<u>59,866</u>	<u>29,488</u>	<u>28,827</u>	<u>86,249</u>	<u>88,693</u>
Liabilities:						
Current liabilities	857	1,975	1,092	1,086	1,949	3,061
Noncurrent liabilities	173	201	5,400	5,102	5,573	5,303
Total liabilities	<u>1,030</u>	<u>2,176</u>	<u>6,492</u>	<u>6,188</u>	<u>7,522</u>	<u>8,364</u>
Net position:						
Net investment in capital assets	45,756	47,941	21,652	20,430	67,408	68,371
Restricted	4,776	4,279	178	523	4,954	4,802
Unrestricted	5,199	5,470	1,166	1,686	6,365	7,156
Total net position	<u>\$55,731</u>	<u>\$57,690</u>	<u>\$ 22,996</u>	<u>\$ 22,639</u>	<u>\$78,727</u>	<u>\$80,329</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, 2015, the County's assets for governmental activities exceeded liabilities by more than \$55.7 million and the County's assets for business-type activities exceeded liabilities by more than \$23.0 million bringing the total primary government net position to more than \$78.7 million.

Of the \$78.7 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 85.6% of net position. The County uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The County's net position also includes restricted net position in the amount of \$5.0 million out of which \$2.9 million is restricted for capital projects, \$1.2 million is restricted for health and welfare, \$0.4 million is restricted for economic development, and \$0.3 million is restricted for public safety. Restricted net position accounts for 6.3% of total net position. Finally, unrestricted net position of \$6.4 million, or 8.1% 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, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Hart County, Georgia
Summary Statements of Activities
For the Years Ended September 30, 2015 and 2014
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,599	\$ 2,560	\$ 1,990	\$ 2,028	\$ 4,589	\$ 4,588
Operating grants/contributions	321	1,970	229	167	550	2,137
Capital grants/contributions	1,000	1,052	260	2,627	1,260	3,679
General revenues:						
Property taxes	5,599	5,650	-	-	5,599	5,650
Motor vehicle taxes	799	872	-	-	799	872
Sales taxes	4,765	4,787	-	-	4,765	4,787
Other taxes	1,059	1,015	-	-	1,059	1,015
Interest	31	29	2	3	33	32
Miscellaneous	58	61	-	-	58	61
Total revenues	<u>16,231</u>	<u>17,996</u>	<u>2,481</u>	<u>4,825</u>	<u>18,712</u>	<u>22,821</u>
Expenses:						
Governmental activities	16,859	17,111	-	-	16,859	17,111
Business-type activities	-	-	2,489	2,388	2,489	2,388
Total expenses	<u>16,859</u>	<u>17,111</u>	<u>2,489</u>	<u>2,388</u>	<u>19,348</u>	<u>19,499</u>
Transfers	<u>(337)</u>	<u>-</u>	<u>365</u>	<u>-</u>	<u>28</u>	<u>-</u>
Change in net position	(965)	885	357	2,437	(608)	3,322
Net position, beginning, restated	56,696	56,805	22,639	20,202	79,335	77,007
Net position, ending	<u>\$55,731</u>	<u>\$57,690</u>	<u>\$ 22,996</u>	<u>\$ 22,639</u>	<u>\$78,727</u>	<u>\$80,329</u>

The table above is included for the purpose of comparing government-wide financial statements of activities for the fiscal year ended September 30, 2015 with fiscal year 2014.

For governmental activities, grants and contributions were \$1.3 million in fiscal year 2015 compared with \$3.0 million in fiscal year 2014, a difference of \$1.7 million. This decrease is due to the timing of fiscal year 2015 grant awards as well as several large nonrecurring awards received in fiscal year 2014, to include \$493,485 from the Appalachian Regional Commission for road improvements in the Knox Bridge Road area and \$1,172,374 (primarily in the form of an account receivable) donated to the County by the Hart County Hospital Authority. Real and personal property taxes decreased by \$51,492 while motor vehicle taxes decreased by \$73,597. Local option sales tax and special option sales tax decreased by \$22,043 in fiscal year 2015 compared to 2014, which supports the County's anticipation of a flat growth in sales tax revenue.

Business-type activities total revenues decreased \$2,344,552 between fiscal year 2015 and 2014 due mainly to HCWSA and JDA receiving nonrecurring capital grants in the prior fiscal year.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

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

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

At September 30, 2015, the County's governmental funds reported a combined fund balance of \$9,693,821, an increase of \$612,288 compared to fiscal year 2014. Of this amount, \$4,545,185 (46.9%) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, \$372,456 (3.8%) is nonspendable and \$4,776,180 (49.3%) is restricted.

HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS

General Fund Components of Fund Balance:

Fund Balance Component	<u>9/30/2015</u>	<u>9/30/2014</u>
Nonspendable	\$ 288,500	\$ 295,560
Restricted	-	1,369
Unassigned	<u>4,545,185</u>	<u>4,395,164</u>
Total General Fund fund balance	\$ <u>4,833,685</u>	\$ <u>4,692,093</u>

The General Fund is the chief operating fund for the County. At the end of fiscal year 2015, the General Fund's total fund balance was \$4,833,685 of which \$4,545,185 is unassigned fund balance. As a measure of liquidity of the General Fund, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 41.7% of total General Fund expenditures while total fund balance represents approximately 44.4% 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, 2015, the fund balance includes \$3,090,418 in cash. The noncash portion of the fund balance includes \$1,127,974 in EMS accounts receivable, net of allowance for bad debts, and \$296,235 in uncollected property taxes.

General Fund Revenue Highlights:

Hart County, Georgia's General Fund revenues totaled \$11,051,492, which represents an increase of \$111,228 over the previous fiscal year. The major revenue sources are listed in the following chart. Real and personal property tax collections accounted for 52.5% of General Fund revenues. Motor vehicle and title fees replaced prior motor vehicle personal property taxes and accounted for 7.2%, and sales and use tax collections accounted for 18.3% of total General Fund revenues. Other revenue sources included charges for services, 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, 2015**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Revenues by Source:

	<u>9/30/2015</u>	<u>9/30/2014</u>
Real and personal property taxes	\$ 5,801,605	\$ 5,842,798
Motor vehicle and title fees	798,615	872,212
Sales and use tax	2,018,456	2,027,853
Other taxes	87,849	92,900
Licenses and permits	59,578	64,459
Intergovernmental	240,851	143,068
Fines and forfeitures	627,164	490,482
Charges for services	1,175,087	1,262,338
Investment earnings	6,123	4,290
Other revenue	<u>236,164</u>	<u>139,864</u>
Total General Fund revenues	<u>\$ 11,051,492</u>	<u>\$ 10,940,264</u>

Total taxes collected by the County were \$8,706,525. Real and personal property taxes were \$276,605 (5.0%) higher than the fiscal year 2015 budgeted amount while motor vehicle and title fees were \$79,385 (9.0%) less than the budgeted amount. The County collected \$81,544 (3.9%) less than anticipated in the fiscal year 2015 budget for Local Option Sales Tax ("LOST") revenues. Sales taxes are a key revenue source utilized by the BOC to keep property taxes low, however, these taxes are susceptible to overall economic conditions. Hart County's unincorporated millage rate is one of the lowest rates in the state of Georgia. The County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

The County experienced a decrease of \$4,881 (7.6%) over the prior year for license and permits revenue due to the related slow turnaround of the housing industry.

Intergovernmental revenues represents local government revenue received from other governments. Intergovernmental revenues for fiscal year 2015 increased \$97,783 (68.3%) over the prior year, mainly due to two nonrecurring federal grants totaling \$71,686 to install an emergency backup generator and to reimburse for costs related to ice storm damage.

Charges for services decreased by \$87,251 (6.9%) over fiscal year 2014 due to reduced emergency medical services fees.

Fines and forfeitures were greater than the anticipated final budgeted amount by \$107,164 (20.6%) and increased by \$136,682 (27.9%) from the fiscal year 2014 actual amount due to enhanced public safety efforts.

Investment income increased from fiscal year 2014 by \$1,833 (42.7%).

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Expenditure Highlights:

Hart County, Georgia's General Fund expenditures totaled \$10,897,352 compared to \$10,373,790 for the prior fiscal year, which represents an increase of \$523,562 (5.0%) over the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, \$5,818,262 (53.4%) was related to public safety as compared to \$5,455,270 (52.6%) in the prior fiscal year.

General Fund Expenditures by Function:

	<u>9/30/2015</u>	<u>9/30/2014</u>
General government	\$ 1,811,033	\$ 1,802,203
Judicial	1,036,650	1,045,847
Public safety	5,818,262	5,455,270
Public works	1,146,909	1,159,098
Health and welfare	312,452	272,483
Recreation and culture	394,833	325,946
Housing and development	<u>377,213</u>	<u>312,943</u>
Total General Fund expenditures	<u>\$ 10,897,352</u>	<u>\$ 10,373,790</u>

General government expenditures were \$1,811,033. Total general government expenditures were under the final budget by \$80,029 and over the original budget by \$113,119. 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 \$1,036,650. This amount was \$18,855 below the final budget and \$74,162 over the original budget.

Public safety expenditures totaled \$5,818,262 for the current fiscal year. These expenditures were under the final budget by \$59,586 and over the original budget by \$162,369.

Public works expenditures were \$1,146,909, which was below the final budget by \$183,083 and under the original budget by \$179,927.

Health and welfare expenditures were \$312,452, which was \$10,427 under the final budget and \$10,238 over the original budget.

Recreation and culture expenditures were \$394,833 with no variance from the final budget and over the original budget by \$23,708.

Housing and development expenditures were \$377,213, which was \$31,670 less than the final budget and \$46,761 over the initial budget.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

The following data includes the breakdown of public safety expenditures which represents approximately 53.4% of the total General Fund expenditures.

Public Safety Expenditures:	<u>9/30/2015</u>	<u>9/30/2014</u>
Sheriff	\$ 2,169,183	\$ 1,972,756
Jail operations	1,353,043	1,237,427
Whitworth detention center	15,254	26,587
Emergency medical services	2,143,868	2,089,229
Animal control	80,714	76,375
Other	<u>56,200</u>	<u>52,896</u>
Total public safety expenditures	\$ <u>5,818,262</u>	\$ <u>5,455,270</u>

General Fund Budgetary Highlights:

Differences between the General Fund's original expenditure budget of \$10,646,922 and the final amended budget of \$11,281,002 amounted to \$634,080 or a 6.0% increase. The increases were mainly needed for the following expenditures:

General government for additional costs related to the board of elections which was recently created from the former probate elections office combined with the former board of registrars, the tax assessor due to ongoing litigation stemming from the temporary tax collections and massive revaluation of property in 2009-2011, as well as one-time costs associated with updating aerial mapping, and ice storm damage.

Judicial for juvenile court due to increased caseloads and the relocation of the district attorney's office.

Public safety for higher than anticipated costs involving medical care for inmates and litigation, as well as increased salaries and wages for public safety personnel.

Public health and welfare for the senior citizen's center for increased attendance under new Director.

Recreation and culture for increased recreation costs related to capital projects.

Housing and development for increased economic development costs related to new industries moving into Hart County.

The original budget for revenues was \$10,009,462 and the final budget was \$10,634,462. Total revenues for fiscal year 2015 were \$11,051,492, an increase of \$417,030 from the final budget. This variance is primarily attributed to the following:

Tax revenues were \$114,525 more than the final budget due to continued collections of prior years' real and personal property taxes, as well as penalties on late payments, and proceeds collected as a result of auction. Penalties had previously been waived during the transition period related to the final billings from 2009 – 2011.

Intergovernmental revenue was \$73,589 more than the original and final budgets mainly due to two one-time grants related to emergency preparedness and risk assessment.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (CONTINUED):

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS

Other Governmental Funds Components of Fund Balance:

	<u>9/30/2015</u>	<u>9/30/2014</u>
Nonspendable	\$ 83,956	\$ 112,486
Restricted	4,776,180	4,276,954
Unassigned	-	-
Total other governmental funds fund balance	\$ <u>4,860,136</u>	\$ <u>4,389,440</u>

CDBG Fund: The CDBG Fund, a major capital projects fund, had no significant activity in fiscal year 2015. During the latter part of the year, the County was awarded two capital project grant awards for \$500,000 each for water and sewer improvement projects in different locations. These will not be drawn down until construction begins in fiscal year 2016.

SPLOST #3 Fund (Special Purpose Local Option Sales Tax): The SPLOST #3 Fund, a major capital projects fund, had a \$135,755 fund balance decrease in fiscal year 2015 to reflect the completion of all projects and the transfer of \$96,825 in road inventory to the SPLOST 4 Fund. Fiscal year 2012 was the final year for this fund to collect sales tax revenues. All projects were completed as of the end of fiscal year 2015. The SPLOST #3 project in fiscal year 2015 was for improvements to recreation facilities.

SPLOST #4 Fund: The SPLOST #4 Fund is also a major capital projects fund. In July 2012, the County began collecting revenue for the SPLOST #4 program. Total revenue collected in fiscal year 2015 was \$2,746,087. At the end of fiscal year 2015, this fund had \$1,671,671 in fund balance. The primary SPLOST #4 projects in fiscal year 2015 included roads repairs and improvements, water system capital improvements, industrial development projects, capital projects for the town of Bowersville and the cities of Hartwell and Royston, fire protection equipment, and improvements to recreation facilities.

Insurance Premium Tax Fund: The Insurance Premium Tax Fund, a major special revenue fund, had an \$184,761 fund balance decrease in fiscal year 2015 from \$416,613 to \$231,852. Revenues in this fund increased by \$50,376 from the previous fiscal year. Expenditures increased by \$26,789 from the prior fiscal year, with expenditures exceeding revenues in both fiscal year 2015 and 2014. 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 consisting of five (5) individual EIP funds consolidated for presentation in the governmental funds. The EIP funds had an increase in fund balance of \$215,137 in fiscal year 2015 from \$168,985 to \$384,122.

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 2015 consist primarily of \$488,733 and \$487,193 representing two years of awards from the Georgia Department of Transportation for the Local Maintenance and Road Improvement Program, \$51,114 final payment on a prior year road striping grant, and \$10,000 donated to the County by the Francis Wood Wilson Foundation for playground equipment. Portions of grants not yet expended have been included in restricted cash.

Other Nonmajor Governmental Funds: For fiscal year 2015, the nonmajor governmental funds reported combined ending fund balances of \$1,573,968, of which \$1,558,326 is restricted and \$15,642 is nonspendable.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

PROPRIETARY FUNDS FINANCIAL ANALYSIS:

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

Solid Waste Fund: The Solid Waste Fund is a major fund with operating revenues of \$1,030,092 in fiscal year 2015, as compared to \$913,806 in fiscal year 2014. Operating expenses of \$1,108,746 were recorded in fiscal year 2015, as compared to \$1,073,237 in fiscal year 2014.

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 \$184,154 and operating expenses of \$202,536 in fiscal year 2015, as compared to \$145,568 and \$156,945, respectively, in fiscal year 2014.

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 \$10,500 and operating expenses of \$88,556 in fiscal year 2015, as compared to \$10,500 and \$89,726, respectively, in fiscal year 2014.

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 \$992,807 and operating expenses of \$958,883 in fiscal year 2015, as compared to \$1,125,058 and 993,303, respectively, in fiscal year 2014.

CAPITAL ASSETS AND NONCURRENT LIABILITIES:

**Hart County, Georgia
Summary Schedules of Capital Assets, Net of Depreciation
September 30, 2015 and 2014
(\$ in thousands)**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,108	\$ 2,118	\$ 5,998	\$ 5,986	\$ 7,106	\$ 8,104
Construction in progress	266	1,984	3,353	3,978	3,619	5,962
Sewer extension	-	-	-	271	-	271
Buildings	7,029	7,163	208	208	7,237	7,371
Machinery and equipment	2,554	2,726	296	193	2,850	2,919
Vehicles	2,567	2,481	40	40	2,607	2,521
Water and sewer lines	-	-	14,122	12,653	14,122	12,653
Infrastructure	29,688	29,924	3,583	2,654	33,271	32,578
Recreational upgrades	2,544	1,570	-	-	2,544	1,570
Total capital assets, net	<u>\$45,756</u>	<u>\$47,966</u>	<u>\$ 27,600</u>	<u>\$ 25,983</u>	<u>\$73,356</u>	<u>\$73,949</u>

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

CAPITAL ASSETS AND NONCURRENT LIABILITIES (CONTINUED):

Capital Assets: Hart County, Georgia's investment in capital assets at September 30, 2015 for the primary government amounted to \$73,356,277, net of accumulated depreciation, as compared to \$73,948,902 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 0.8% decrease in capital assets for the current fiscal year was primarily related to a prior period restatement of \$994,037 to remove land which had been transferred to a component unit, as well as the transfer of the Georgia State Patrol project with a cost of \$677,102 to the state of Georgia, offset by current year additions net of current year depreciation.

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

- Significant recreation department projects and upgrades
- Economic development projects at Gateway Industrial Park
- Vehicles, including ambulance, fire, and police vehicles
- Machinery and equipment
- Various infrastructure projects

Noncurrent Liabilities: Noncurrent liabilities of the primary government increased by \$270,463 during fiscal year 2015, mainly due to additional debt incurred by HCWSA to finance water improvement projects.

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

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 14.35% in June 2009, but has been significantly reduced to 5.5% as of December 31, 2015.

Hart County has been a leader on workforce development for promoting a stronger economic future. We were one of the first counties in the state of Georgia to be fully workforce ready certified under the WorkKeys program. We have focused on education through partnerships with the Board of Education and technical colleges, and are only one of eight counties to have a direct partnership with the University of Georgia through their innovative Archway Partnership. Our high school graduation rate has steadily increased over the last few years from 57% in 2005 to 94% in 2015, which far exceeds the state of Georgia graduation rate of 78.8%. In the fall of 2014, the voters approved a massive transformation of our high school with the planned construction of a new career academy. Construction on this project began in this fiscal 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 we have tripled the size to 450 acres with over one mile of Interstate 85 road frontage. Hart County has focused on recruiting higher skilled jobs with a net result of manufacturing weekly wages increasing 25% over a five year period. Our economic development efforts have secured approximately 4,000 jobs and hundreds of millions of dollars in new development.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

ECONOMIC FORECAST (CONTINUED):

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 2016 budget.

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

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

(3) Interest rates are expected to remain at low levels throughout fiscal year 2016. The County focuses its cash reserves in stable interest bearing vehicles.

(4) An increase in grant revenues and related expenditures for capital projects for road improvements, recreation, and economic development is anticipated.

(5) An increase in grant revenues and related expenditures for capital projects for water and sewer system improvements is expected.

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, 2015

	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,738,932	\$ 1,450,330	\$ 7,189,262	\$ 340,157
Receivables (net of allowance for uncollectibles)	2,908,342	208,582	3,116,924	48,262
Intergovernmental receivables	343,530	-	343,530	-
Inventory	153,079	38,781	191,860	-
Internal balances	1,997	(1,997)	-	-
Prepaid items	219,377	14,128	233,505	2,197
Current portion of restricted cash	1,050,466	37,693	1,088,159	30,732
Note receivables	588,980	-	588,980	-
Total current assets	11,004,703	1,747,517	12,752,220	421,348
Noncurrent assets				
Capital assets				
Non-depreciable	1,373,646	9,351,013	10,724,659	-
Depreciable, net	44,382,427	18,249,191	62,631,618	92,525
Restricted cash, less current portion	-	140,280	140,280	-
Total noncurrent assets	45,756,073	27,740,484	73,496,557	92,525
Total assets	56,760,776	29,488,001	86,248,777	513,873
DEFERRED OUTFLOWS OF RESOURCES				
Proportionate share of deferred pension outflows	-	-	-	53,615
Total deferred outflows of resources	-	-	-	53,615
Total assets and deferred outflows of resources	56,760,776	29,488,001	86,248,777	567,488
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
LIABILITIES				
Current liabilities				
Accounts payable	416,630	382,291	798,921	24,783
Other accrued items	25,486	31,958	57,444	-
Customer deposits	1,000	105,195	106,195	-
Compensated absences	413,735	11,365	425,100	16,250
Current portion of notes payable	-	517,508	517,508	-
Current portion of landfill postclosure costs	-	43,500	43,500	-
Total current liabilities	856,851	1,091,817	1,948,668	41,033
Noncurrent liabilities				
Compensated absences, less current portion	173,440	21,098	194,538	33,443
Net pension liability	-	-	-	479,669
Notes payable, less current portion	-	5,213,883	5,213,883	-
Landfill postclosure care costs, less current portion	-	165,128	165,128	-
Total noncurrent liabilities	173,440	5,400,109	5,573,549	513,112
Total liabilities	1,030,291	6,491,926	7,522,217	554,145
DEFERRED INFLOWS OF RESOURCES				
Proportionate share of deferred pension inflows	-	-	-	115,985
Total deferred inflows of resources	-	-	-	115,985
Total liabilities and deferred inflows of resources	1,030,291	6,491,926	7,522,217	670,130
NET POSITION				
Net investment in capital assets	45,756,073	21,651,677	67,407,750	92,525
Restricted for				
Public safety	295,516	-	295,516	-
Economic development	384,122	-	384,122	-
Health and welfare	1,175,838	-	1,175,838	-
Judicial	12,369	-	12,369	-
Recreation and culture	-	-	-	30,732
Housing and development	44,062	-	44,062	-
Capital projects	2,864,273	19,469	2,883,742	-
Debt service	-	158,504	158,504	-
Unrestricted	5,198,232	1,166,425	6,364,657	(225,899)
Total net position	\$55,730,485	\$22,996,075	\$78,726,560	\$ (102,642)

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

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

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	\$ 2,178,947	\$ 73,817	\$ 51,088	\$ -	\$ (2,054,042)	\$ -	\$ (2,054,042)	\$ -
Judicial	1,017,793	709,846	-	-	(307,947)	-	(307,947)	-
Public health and welfare	400,842	202,041	65,946	-	(132,855)	-	(132,855)	-
Public safety	7,345,043	1,545,009	117,228	10,562	(5,672,244)	-	(5,672,244)	-
Public works	4,353,761	-	92,081	979,284	(3,282,396)	-	(3,282,396)	-
Recreation and culture	479,086	57,410	(5,395)	10,000	(417,071)	-	(417,071)	-
Housing and development	1,083,752	11,044	-	-	(1,072,708)	-	(1,072,708)	-
Interest and paying agent fees	161	-	-	-	(161)	-	(161)	-
Total governmental activities	<u>16,859,385</u>	<u>2,599,167</u>	<u>320,948</u>	<u>999,846</u>	<u>(12,939,424)</u>	<u>-</u>	<u>(12,939,424)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,108,746	997,390	32,702	-	-	(78,654)	(78,654)	-
IBA	307,079	-	184,154	-	-	(122,925)	(122,925)	-
JDA	104,084	-	10,500	68,000	-	(25,584)	(25,584)	-
HCWSA	968,883	991,367	1,440	192,362	-	216,286	216,286	-
Total business-type activities	<u>2,488,792</u>	<u>1,988,757</u>	<u>228,796</u>	<u>260,362</u>	<u>-</u>	<u>(10,877)</u>	<u>(10,877)</u>	<u>-</u>
Total primary government	<u>\$ 19,348,177</u>	<u>\$ 4,587,924</u>	<u>\$ 549,744</u>	<u>\$ 1,260,208</u>	<u>\$ (12,939,424)</u>	<u>\$ (10,877)</u>	<u>\$ (12,950,301)</u>	<u>\$ -</u>
Component units	<u>\$ 865,848</u>	<u>\$ 224,858</u>	<u>\$ 647,176</u>	<u>\$ 7,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,655</u>
General revenues								
Real and personal property taxes					5,598,871	-	5,598,871	-
Motor vehicle taxes and title fees					798,615	-	798,615	-
Sales taxes					4,764,543	-	4,764,543	-
Other taxes					1,004,840	-	1,004,840	-
Alcoholic beverage taxes					53,810	-	53,810	-
Investment earnings					30,604	2,442	33,046	778
Miscellaneous					59,692	-	59,692	-
Transfers					(337,066)	365,122	28,056	-
Total general revenues					<u>11,973,909</u>	<u>367,564</u>	<u>12,341,473</u>	<u>778</u>
Change in net position					(965,515)	356,687	(608,828)	14,433
Net position, beginning of year					57,690,037	22,639,388	80,329,425	414,769
Prior period adjustment					(994,037)	-	(994,037)	(531,844)
Net position, end of year					<u>\$ 55,730,485</u>	<u>\$ 22,996,075</u>	<u>\$ 78,726,560</u>	<u>\$ (102,642)</u>

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

**HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015**

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #3	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
ASSETS									
Cash and cash equivalents	\$3,090,418	-	\$ 100	\$ -	\$1,552,422	\$ 303,762	\$ 370,902	\$ 421,328	\$ 5,738,932
Inventory	84,765	-	-	-	68,314	-	-	-	153,079
Receivables (net of allowance for uncollectibles)	1,743,179	-	-	-	-	-	13,220	1,151,943	2,908,342
Intergovernmental receivables	102,204	-	-	-	241,326	-	-	-	343,530
Due from other funds	56,913	-	-	-	-	-	-	-	56,913
Prepaid items	203,735	-	-	-	-	-	-	15,642	219,377
Restricted cash	-	1,050,466	-	-	-	-	-	-	1,050,466
Total assets	\$5,281,214	\$1,050,466	\$ 100	\$ -	\$1,862,062	\$ 303,762	\$ 384,122	\$1,588,913	\$ 10,470,639
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 142,257	\$ -	\$ -	\$ -	\$ 190,391	\$ 69,400	\$ -	\$ 14,582	\$ 416,630
Other accrued liabilities	25,486	-	-	-	-	-	-	-	25,486
Due to other funds	-	51,943	100	-	-	2,510	-	363	54,916
Customer deposits	1,000	-	-	-	-	-	-	-	1,000
Total liabilities	168,743	51,943	100	-	190,391	71,910	-	14,945	498,032
Deferred inflows of resources									
Unavailable revenue - property taxes	278,786	-	-	-	-	-	-	-	278,786
Total deferred inflows of resources	278,786	-	-	-	-	-	-	-	278,786
Fund balances									
Nonspendable inventory and prepaid items	288,500	-	-	-	68,314	-	-	15,642	372,456
Restricted for:									
Public safety	-	-	-	-	-	231,852	-	63,664	295,516
Economic development	-	-	-	-	-	-	384,122	-	384,122
Health and welfare	-	-	-	-	-	-	-	1,175,838	1,175,838
Judicial	-	-	-	-	-	-	-	12,369	12,369
Housing and development	-	-	-	-	-	-	-	44,062	44,062
Capital projects	-	998,523	-	-	1,603,357	-	-	262,393	2,864,273
Unassigned	4,545,185	-	-	-	-	-	-	-	4,545,185
Total fund balances	4,833,685	998,523	-	-	1,671,671	231,852	384,122	1,573,968	9,693,821
Total liabilities, deferred inflows of resources and fund balances	\$5,281,214	\$1,050,466	\$ 100	\$ -	\$1,862,062	\$ 303,762	\$ 384,122	\$1,588,913	\$ 10,470,639

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, 2015**

Total fund balance of governmental funds **\$ 9,693,821**

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	\$ 600,870	
Less 60-day collections reported as a receivable at the fund level	<u>(11,890)</u>	
		588,980

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	1,107,657	
Construction in progress	265,989	
Buildings	9,627,341	
Machinery, equipment and other	5,360,666	
Vehicles	5,139,473	
Infrastructure	58,584,796	
Recreational upgrades	2,852,037	
Less: accumulated depreciation	<u>(37,181,886)</u>	
Total capital assets		45,756,073

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		278,786
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Some liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Those liabilities consist of:

Compensated absences		<u>(587,175)</u>
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Net position of governmental activities		<u><u>\$ 55,730,485</u></u>
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The accompanying notes are an integral part of these financial statements.

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #3	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
REVENUES									
Taxes	\$8,706,525	\$ -	\$ -	\$ -	\$2,746,087	\$ 960,037	\$ -	\$ -	\$ 12,412,649
Licenses and permits	59,578	-	-	-	-	-	-	-	59,578
Intergovernmental	240,851	1,037,040	-	-	-	-	-	-	1,277,891
Fines and forfeitures	627,164	-	-	-	-	-	-	80,494	707,658
Charges for services	1,175,087	-	-	-	-	-	-	520,197	1,695,284
Investment earnings	6,123	597	-	6	2,932	1,147	22,616	541	33,962
Miscellaneous	236,164	-	-	-	-	-	197,529	-	433,693
Total revenues	11,051,492	1,037,637	-	6	2,749,019	961,184	220,145	601,232	16,620,715
EXPENDITURES									
Current									
General government	1,811,033	149	-	-	-	50,465	-	-	1,861,647
Judicial	1,036,650	-	-	-	-	-	-	8,141	1,044,791
Health and welfare	312,452	-	-	-	-	-	-	137,613	450,065
Public safety	5,818,262	-	-	-	265,770	498,935	-	565,721	7,148,688
Public works	1,146,909	51,114	-	-	31,597	596,545	-	-	1,826,165
Recreation and culture	394,833	500	-	550	7,594	-	-	-	403,477
Housing and development	377,213	-	-	-	22,147	-	5,008	-	404,368
Intergovernmental	-	-	-	-	987,198	-	-	-	987,198
Capital outlay	-	-	-	38,386	1,818,820	-	-	-	1,857,206
Debt service									
Principal	-	-	-	-	-	-	-	24,661	24,661
Interest and paying agent fees	-	-	-	-	-	-	-	161	161
Total expenditures	10,897,352	51,763	-	38,936	3,133,126	1,145,945	5,008	736,297	16,008,427
Excess (deficiency) of revenues over (under) expenditures	154,140	985,874	-	(38,930)	(384,107)	(184,761)	215,137	(135,065)	612,288
OTHER FINANCING SOURCES									
Transfers out	(12,548)	-	-	(96,825)	-	-	-	-	(109,373)
Transfers In	-	48	-	-	96,825	-	-	12,500	109,373
Total other financing sources (uses)	(12,548)	48	-	(96,825)	96,825	-	-	12,500	-
Net change in fund balances	141,592	985,922	-	(135,755)	(287,282)	(184,761)	215,137	(122,565)	612,288
Fund balances, beginning of year	4,692,093	12,601	-	135,755	1,958,953	416,613	168,985	1,696,533	9,081,533
Fund balances, end of year	\$4,833,685	\$ 998,523	\$ -	\$ -	\$1,671,671	\$ 231,852	\$ 384,122	\$1,573,968	\$ 9,693,821

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, 2015

Net changes in fund balances of governmental funds: **\$ 612,288**

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Following is the amount by which the current year depreciation and losses on disposals of capital assets reported in the Statement of Activities exceed the net capital outlays reported in the governmental funds for the current fiscal year.

Expenditures for capital assets	\$ 2,211,044	
Depreciation expense	(2,533,989)	
Transfer capital asset to state of Georgia	(677,102)	
Loss on disposal of capital assets	<u>(215,753)</u>	
Excess of depreciation expense and other capital asset expenses over capital outlay		(1,215,800)

The repayment of the principal of long-term debt consumes current financial resources of the governmental funds; however, it does not have any effect on net position. This is the amount of debt reduction during the year.

Loan repayments		24,661
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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.

Payments received		(197,809)
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Compensated absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Liability @ 9/30/15	(587,175)	
Liability @ 9/30/14	<u>590,290</u>	3,115

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

Deferred revenue at 9/30/15	278,786	
Deferred revenue at 9/30/14	<u>(470,756)</u>	
Total decrease in deferred revenue		<u>(191,970)</u>

Change in net position of governmental activities **\$ (965,515)**

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 442,118	\$ 235,353	\$ 45,001	\$ 727,858	\$ 1,450,330
Receivables (net of allowance for uncollectibles)	76,611	7,437	-	124,534	208,582
Inventory	38,781	-	-	-	38,781
Prepaid items	-	4,069	300	9,759	14,128
Current portion of restricted cash	-	-	33,632	4,061	37,693
Total current assets	<u>557,510</u>	<u>246,859</u>	<u>78,933</u>	<u>866,212</u>	<u>1,749,514</u>
Noncurrent assets					
Capital assets, non-depreciable					
Land	-	4,618,976	1,309,359	69,649	5,997,984
Construction in progress	-	-	-	3,353,029	3,353,029
Total non-depreciable capital assets at cost	<u>-</u>	<u>4,618,976</u>	<u>1,309,359</u>	<u>3,422,678</u>	<u>9,351,013</u>
Capital assets, depreciable					
Buildings	252,685	-	-	-	252,685
Machinery, equipment and other	596,992	7,734	31,374	80,025	716,125
Vehicles	113,180	-	-	-	113,180
Water and sewer lines	-	-	-	16,914,628	16,914,628
Infrastructure	-	-	4,230,343	-	4,230,343
Less: accumulated depreciation	(452,625)	(5,027)	(663,411)	(2,856,707)	(3,977,770)
Total depreciable capital assets, net	<u>510,232</u>	<u>2,707</u>	<u>3,598,306</u>	<u>14,137,946</u>	<u>18,249,191</u>
Restricted cash, less current portion	-	140,280	-	-	140,280
Total noncurrent assets	<u>510,232</u>	<u>4,761,963</u>	<u>4,907,665</u>	<u>17,560,624</u>	<u>27,740,484</u>
Total assets	<u>1,067,742</u>	<u>5,008,822</u>	<u>4,986,598</u>	<u>18,426,836</u>	<u>29,489,998</u>
LIABILITIES					
Current liabilities					
Accounts payable	112,295	6,611	476	262,909	382,291
Other accrued liabilities	-	7,116	21,191	3,651	31,958
Due to other funds	1,997	-	-	-	1,997
Customer deposits	-	-	-	105,195	105,195
Compensated absences	8,953	-	-	2,412	11,365
Current portion of notes payable	-	126,979	38,602	351,927	517,508
Current portion of landfill postclosure care costs	43,500	-	-	-	43,500
Total current liabilities	<u>166,745</u>	<u>140,706</u>	<u>60,269</u>	<u>726,094</u>	<u>1,093,814</u>
Noncurrent liabilities					
Compensated absences, less current portion	15,545	-	-	5,553	21,098
Notes payable, less current portion	-	3,073,751	542,577	1,597,555	5,213,883
Landfill postclosure care costs, less current portion	165,128	-	-	-	165,128
Total noncurrent liabilities	<u>180,673</u>	<u>3,073,751</u>	<u>542,577</u>	<u>1,603,108</u>	<u>5,400,109</u>
Total liabilities	<u>347,418</u>	<u>3,214,457</u>	<u>602,846</u>	<u>2,329,202</u>	<u>6,493,923</u>
NET POSITION					
Net investment in capital assets	510,232	1,413,837	4,326,486	15,401,122	21,651,677
Restricted					
Capital projects	-	-	19,469	-	19,469
Debt service	-	140,280	14,163	4,061	158,504
Unrestricted	210,092	240,248	23,634	692,451	1,166,425
Total net position	<u>\$ 720,324</u>	<u>\$ 1,794,365</u>	<u>\$ 4,383,752</u>	<u>\$ 16,097,634</u>	<u>\$ 22,996,075</u>

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2015

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
OPERATING REVENUES					
Intergovernmental	\$ 32,702	\$ 183,570	\$ 10,500	\$ -	\$ 226,772
Charges for services	997,390	-	-	991,367	1,988,757
Other operating revenues	-	584	-	1,440	2,024
Total operating revenues	<u>1,030,092</u>	<u>184,154</u>	<u>10,500</u>	<u>992,807</u>	<u>2,217,553</u>
OPERATING EXPENSES					
Personnel services	408,387	161,942	-	53,130	623,459
Professional services	1,654	23,938	6,720	40,882	73,194
Purchased property services	11,643	2,567	5,318	29,553	49,081
Other purchased services	570,603	8,202	3,525	112,149	694,479
Supplies and other	82,075	5,500	1,104	388,668	477,347
Depreciation	34,384	387	71,889	334,501	441,161
Total operating expenses	<u>1,108,746</u>	<u>202,536</u>	<u>88,556</u>	<u>958,883</u>	<u>2,358,721</u>
Operating income (loss)	<u>(78,654)</u>	<u>(18,382)</u>	<u>(78,056)</u>	<u>33,924</u>	<u>(141,168)</u>
NON-OPERATING REVENUES (EXPENSES)					
Capital grants	-	-	68,000	192,362	260,362
Interest expense	-	(104,543)	(15,528)	(10,000)	(130,071)
Investment earnings	814	576	33	1,019	2,442
Total non-operating revenues (expenses)	<u>814</u>	<u>(103,967)</u>	<u>52,505</u>	<u>183,381</u>	<u>132,733</u>
Change in net position before transfers	<u>(77,840)</u>	<u>(122,349)</u>	<u>(25,551)</u>	<u>217,305</u>	<u>(8,435)</u>
Transfers in	-	244,308	39,689	351,852	635,849
Transfers out	-	(270,727)	-	-	(270,727)
Change in net position	<u>(77,840)</u>	<u>(148,768)</u>	<u>14,138</u>	<u>569,157</u>	<u>356,687</u>
Net position, beginning of year, restated	<u>798,164</u>	<u>1,943,133</u>	<u>4,369,614</u>	<u>15,528,477</u>	<u>22,639,388</u>
Net position, end of year	<u>\$ 720,324</u>	<u>\$ 1,794,365</u>	<u>\$ 4,383,752</u>	<u>\$ 16,097,634</u>	<u>\$ 22,996,075</u>

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2015

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
Cash flows from operating activities:					
Cash received from customers	\$ 971,424	\$ -	18,850	\$ 1,006,648	\$ 1,996,922
Other operating receipts	32,702	16,652	10,500	1,440	61,294
Cash payments to suppliers for goods and services	(554,152)	(43,639)	(17,466)	(561,549)	(1,176,806)
Cash payments to employees for services	(407,115)	-	-	(50,258)	(457,373)
Net cash provided by (used in) operating activities	<u>42,859</u>	<u>(26,987)</u>	<u>11,884</u>	<u>396,281</u>	<u>424,037</u>
Cash flows from capital and related financing activities:					
Decrease in landfill closure/postclosure care costs	(43,500)	-	-	-	(43,500)
Principal paid on notes payable	-	(125,786)	(28,771)	-	(154,557)
Interest paid on notes payable	-	(104,493)	(15,605)	(10,000)	(130,098)
Proceeds from new bank loans	-	-	150,000	712,073	862,073
Intergovernmental transfers in for capital assets	-	-	68,000	463,036	531,036
Intergovernmental transfers in for capital debt service	-	244,308	39,689	-	283,997
Acquisition and construction of capital assets	(125,714)	-	(283,010)	(2,148,632)	(2,557,356)
Net cash provided by (used in) capital and related financing activities	<u>(169,214)</u>	<u>14,029</u>	<u>(69,697)</u>	<u>(983,523)</u>	<u>(1,208,405)</u>
Cash flows from investing activities:					
Interest received on investments	814	562	33	1,019	2,428
Net cash provided by (used in) investing activities	<u>814</u>	<u>562</u>	<u>33</u>	<u>1,019</u>	<u>2,428</u>
Net increase (decrease) in cash and cash equivalents	(125,541)	(12,396)	(57,780)	(586,223)	(781,940)
Cash and cash equivalents, beginning of year	567,659	388,029	136,413	1,318,142	2,410,243
Cash and cash equivalents, end of year	<u>\$ 442,118</u>	<u>\$ 375,633</u>	<u>\$ 78,633</u>	<u>\$ 731,919</u>	<u>\$ 1,628,303</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (78,654)	\$ (18,382)	\$ (78,056)	\$ 33,924	\$ (141,168)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	34,384	387	71,889	334,501	441,161
Decrease (increase) in accounts receivable for operations	(25,966)	(5,560)	-	20,942	(10,584)
Decrease (increase) in inventory	(9,539)	-	-	-	(9,539)
Decrease (increase) in prepaid expenses	-	(3,011)	525	(4,535)	(7,021)
Increase (decrease) in accounts payable for operations	109,391	(421)	(1,324)	1,146	108,792
Increase (decrease) in due to other funds	11,971	-	-	-	11,971
Increase (decrease) in compensated absences	1,272	-	-	1,831	3,103
Increase (decrease) in other accrued expenses	-	-	18,850	(156)	18,694
Increase (decrease) in customer water deposits	-	-	-	8,628	8,628
Total adjustments	<u>121,513</u>	<u>(8,605)</u>	<u>89,940</u>	<u>362,357</u>	<u>565,205</u>
Net cash provided by (used in) operating activities	<u>\$ 42,859</u>	<u>\$ (26,987)</u>	<u>\$ 11,884</u>	<u>\$ 396,281</u>	<u>\$ 424,037</u>

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

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2015

	Agency Funds Total
ASSETS	
Cash	\$ 925,110
Taxes receivable	1,091,524
Total assets	\$ 2,016,634
LIABILITIES	
Due to others	\$ 2,016,634
Total liabilities	\$ 2,016,634

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2015

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 107,444	\$ 232,713	\$ 340,157
Receivables (net of allowance for uncollectibles)	8,763	39,499	48,262
Prepaid items	2,197	-	2,197
Restricted cash and investments	30,732	-	30,732
Capital assets			
Machinery, equipment, and other	125,091	9,881	134,972
Books and collections	414,514	-	414,514
Less: accumulated depreciation	(451,033)	(5,928)	(456,961)
Capital assets, net of depreciation	<u>88,572</u>	<u>3,953</u>	<u>92,525</u>
Deferred outflows of resources			
Proportionate share of deferred pension outflows	53,615	-	53,615
Total deferred outflows of resources	<u>53,615</u>	<u>-</u>	<u>53,615</u>
Total assets and deferred outflows of resources	<u>291,323</u>	<u>276,165</u>	<u>567,488</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	1,407	23,376	24,783
Compensated absences due within one year	-	16,250	16,250
Non-current liabilities			
Compensated absences due after one year	-	33,443	33,443
Net pension liability	145,414	334,255	479,669
Deferred inflows of resources			
Proportionate share of deferred pension inflows	50,694	65,291	115,985
Total deferred outflows of resources	<u>50,694</u>	<u>65,291</u>	<u>115,985</u>
Total liabilities and deferred inflows of resources	<u>197,515</u>	<u>472,615</u>	<u>670,130</u>
NET POSITION			
Investment in capital assets	88,572	3,953	92,525
Restricted for			
Children's reading books	30,732	-	30,732
Unrestricted	<u>(25,496)</u>	<u>(200,403)</u>	<u>(225,899)</u>
Total net position	<u>\$ 93,808</u>	<u>\$ (196,450)</u>	<u>\$ (102,642)</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, 2015

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
Expenses			
Public health and welfare	\$ -	\$ 591,774	\$ 591,774
Recreation and culture	274,629	-	274,629
Total expenses	<u>274,629</u>	<u>591,774</u>	<u>866,403</u>
Program revenues			
Charges for services	13,376	211,482	224,858
Operating grants and contributions	276,622	370,554	647,176
Capital grants and contributions	7,469	-	7,469
Total program revenues	<u>297,467</u>	<u>582,036</u>	<u>879,503</u>
Net (expense) revenue	<u>22,838</u>	<u>(9,738)</u>	<u>13,100</u>
General revenues			
Investment earnings	778	-	778
Miscellaneous and other	555	-	555
Total general revenues	<u>1,333</u>	<u>-</u>	<u>1,333</u>
Change in net position	24,171	(9,738)	14,433
Net position, beginning	209,947	204,822	414,769
Prior period adjustment	<u>(140,310)</u>	<u>(391,534)</u>	<u>(531,844)</u>
Net position, ending	<u>\$ 93,808</u>	<u>\$ (196,450)</u>	<u>\$ (102,642)</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, 2015

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, 2014. 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, 2015

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, 2015. Complete financial statements of JDA can be obtained from P.O. Box 793, Hartwell, Georgia 30643.

Hart County Water and Sewer Authority

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

Discretely Presented Component Units:

Hart County Health Department

The Hart County Health Department (the "Health Department") serves all citizens of Hart County and operates as one of 18 county health departments under the Georgia Department of Public Health. The Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The Health Department is responsible for the overall coordination of local health activities in Hart County, Georgia to include immunizations, communicable diseases, children and women's health, and environmental health, unless a matter falls under the jurisdiction of other agencies. The Health Department is governed by the County Board of Health, a seven member board of which a voting majority is appointed by the County and includes at least one member of the Hart County Board of Commissioners. The Health Department is funded by the state of Georgia and the County under the Grant-in-Aid provisions. The Hart County Board of Commissioners approves the Health Department's budget. The Health Department has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2015. 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, 2015

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, 2015. 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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental Fund Financial Statements:

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Financial Statements (Continued):

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

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

The County reports the following major governmental funds:

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

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

SPLOST #3 Fund (capital projects fund): The SPLOST #3 Fund accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2005. Resources are to be used for infrastructure, industrial development, recreation, fire protection and other capital outlay projects.

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

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund Financial Statements:

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

The County reports the following major proprietary funds:

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

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

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

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

Fiduciary Fund Financial Statements:

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

(D) Budgetary Data Control

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

The County does not use the encumbrance system of accounting.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Deposits and Investments

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

Georgia statutes authorize the County to invest in the following:

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

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

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

(F) Interfund Receivables and Payables

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

(G) Receivables

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

The major receivables for the County consist of property taxes receivable and receivables for the County's Emergency Medical Services department. Real and personal property taxes are levied after acceptance of the County's tax digest by the Georgia Department of Revenue. Property taxes for 2014, other than vehicles, were levied and mailed on December 5, 2014. The taxes were based on January 1, 2014 assessed values and were due on February 20, 2015, after which date liens can be attached. Motor vehicle taxes are assessed January 1, based on values on January 1; due dates are based on the birth date of the registered owner. A 10% late penalty and interest at a rate of 1% per month is assessed on taxes paid late.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) Receivables (Continued)

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

(H) Inventories and Prepaid Expenditures

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

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

(I) Capital Assets

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

GASB Statement 34 required the County to report and depreciate new infrastructure assets effective with the fiscal year ended September 30, 2003. Infrastructure assets are among the largest asset classes of the County. Prior to that time, neither the historical costs, nor related depreciation, of these assets had been reported in the financial statements. The County implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended September 20, 2007.

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) Unearned Revenue

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

(K) Compensated Absences

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

(L) Noncurrent Liabilities

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

(M) Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will report a separate section for deferred outflows of resources when applicable. This separate section, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended September 30, 2015, the County did not have any items that qualify for reporting in this category, excluding blended component units.

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

(N) Fund Equity

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

Net Position

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

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

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Net Position (Continued)

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

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

(O) Management Estimates

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

(P) Subsequent Events

Subsequent events have been evaluated by management through March 24, 2016, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

For the year ended September 30, 2015, 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, 2015

NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

The County's deposits are classified as follows at September 30, 2015:

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary government	\$ 2,207,752	\$ 7,022,618	\$ -	\$ 9,230,370	\$ 8,417,701
Discretely presented component units:					
Hart County Library	\$ 68,006	\$ 47,846	\$ -	\$ 115,852	\$ 107,444
Hart County Health Department	241,128	-	-	241,128	232,713
Total discretely presented component units	309,134	47,846	-	356,980	340,157
Total deposits	<u>\$ 2,516,886</u>	<u>\$ 7,070,464</u>	<u>\$ -</u>	<u>\$ 9,587,350</u>	<u>\$ 8,757,858</u>

Primary Government Cash and Cash Equivalents Reconciliation:

**Primary Government
Fund Reporting Level**

**Cash and
Cash Equivalents**

Governmental funds – Balance Sheet	\$ 5,738,932
Governmental funds – Balance Sheet (restricted)	1,050,466
Proprietary funds – Statement of Net Position	1,450,330
Proprietary funds – Statement of Net Position (restricted)	<u>177,973</u>
Total cash and cash equivalents	<u>\$ 8,417,701</u>

Credit Risk

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

Of the \$8,417,701 carrying amount of cash and cash equivalents for the primary government, \$6,287,543 is invested in the Local Government Investment Pool "Georgia Fund 1".

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

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, 2015 are:

Georgia Fund I	AAAF rated by Standard & Poor's	\$ 6,287,543	56 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, 2015, the balance in the annuity was \$30,732. The amount invested in the annuity contract approximates fair value. The annuity contract does not comply with Georgia law for investment of funds.

Interest Rate Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County has no formal policy, but follows state of Georgia requirements that all deposits be federally insured or fully collateralized. At September 30, 2015, all deposits of the County were adequately insured or collateralized.

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – RECEIVABLES

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 5 – RECEIVABLES (CONTINUED)

Receivables at September 30, 2015 for the County's individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>SPLOST #4</u>	<u>EIP Funds</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receivables:					
Property taxes	\$ 296,235	\$ -	\$ -	\$ -	\$ 296,235
Accounts receivable	2,333,209	-	13,220	1,151,943	3,498,372
Intergovernmental	102,204	241,326	-	-	343,530
Total receivables, gross	<u>2,731,648</u>	<u>241,326</u>	<u>13,220</u>	<u>1,151,943</u>	<u>4,138,137</u>
Less: Allowance for uncollectibles	<u>(886,265)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886,265)</u>
Total receivables, net	<u>\$ 1,845,383</u>	<u>\$ 241,326</u>	<u>\$ 13,220</u>	<u>\$ 1,151,943</u>	<u>\$ 3,251,872</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,870</u>	<u>\$ -</u>	<u>\$ 600,870</u>

EIP Funds: 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.

EIP #1: During fiscal year 2005, the County received an Employment Incentive Grant of \$295,176. The County, in turn, made a loan to Quality Industries, LLC to finance the purchase of equipment in the amount of \$283,176 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 equal consecutive monthly installments of \$2,372. On August 31, 2015, the note was paid off. As of September 30, 2015, the remaining balance of the note is \$-0-.

EIP #3: During fiscal year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note receivable has an original principal balance of \$145,000 together with interest of 3.0% per annum. The note is being repaid in 84 equal consecutive monthly installments of \$1,400. As of September 30, 2015, the remaining balance of the note is \$52,326 with a current amount receivable of \$15,354.

EIP #4: During fiscal year 2011, the County received an Employment Incentive Grant of \$486,946. The County, in turn, made a loan to Ritz Instrument Transformers, Inc. to finance the purchase of equipment in the amount of \$470,000 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 equal consecutive monthly installments of \$6,210. As of September 30, 2015, the remaining balance of the note is \$204,178 with a current amount receivable of \$68,334.

EIP #5: During fiscal year 2013, the County entered into a second agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable has an original principal balance of \$327,488 together with interest of 3.0% per annum. The note is being repaid in 84 equal consecutive monthly installments of \$4,360. As of September 30, 2015, the remaining balance of the note is \$204,063 with a current amount of \$45,927.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 5 – RECEIVABLES (CONTINUED)

EIP #7: During fiscal year 2014, the County entered into an agreement with DSH Holdings, LLC, Lake Foods, LLC, and Wauka Mountain Foods, LLC to finance the purchase of equipment. The note receivable has an original principal balance of \$152,000 together with interest of 3.0% per annum. The note is being repaid in 120 equal consecutive monthly installments of \$1,503. As of September 30, 2015, the remaining balance of the note is \$140,303 with a current amount of \$13,227.

Health Care Services Fund: The accounts receivable for nonmajor governmental funds includes \$1,078,132 reported for the Health Care Services Fund representing payments due from Ty Cobb Healthcare System, Inc. under a lease termination agreement totaling \$1,078,132. These payments will be utilized for the provision of health care services for the benefit of the citizens of the County. As of September 30, 2015, the remaining balance under the agreement is \$1,078,132 with a current amount of \$539,066.

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

	<u>Library</u>	<u>Health Department</u>	<u>Total</u>
Accounts receivable	<u>\$ 8,763</u>	<u>\$ 39,499</u>	<u>\$ 48,262</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables as of September 30, 2015, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Insurance Premium Tax	General	\$ 2,510
Solid Waste	General	1,997
E-911	General	363
Multiple Grant	General	51,943
CDBG	General	<u>100</u>
		<u>\$ 56,913</u>

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund transfers were made between the following funds:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
<i>Within governmental activities:</i>			
General	E911	Budgeted shortfall	\$ 12,500
General	Multiple Grant	Reimburse supplies	48
SPLOST #3	SPLOST #4	See (A) below	96,825
<i>Within business-type activities:</i>			
IBA	HCWSA	See (B) below	\$ 270,727
<i>Between governmental and business-type activities:</i>			
SPLOST #4	HCWSA	See (C) below	\$ 81,125
SPLOST #4	IBA	See (D) below	216,252
SPLOST #4	JDA	See (E) below	39,689
			\$ <u>337,066</u>

Transfers are used to (1) report revenues in the fund that statute or budget requires to collect such revenue to the fund that the statute or budget requires to expend such revenue and (2) account for revenues collected in the General Fund which are to be used by other funds in accordance with budget authorizations or anticipated capital projects. During the year ended September 30, 2015, the County made transfers between funds to include:

- (A) The SPLOST #3 Fund transferred the cost of remaining road inventory in the amount of \$96,825 to SPLOST #4 upon completion of all SPLOST #3 projects.
- (B) The Hart County Industrial Building Authority transferred \$270,727 of costs paid for a portion of a sewer system to the Hart County Water and Sewer Authority (both blended component units treated as proprietary funds by the County) since HCWSA owns the remainder of the sewer system and is responsible for maintaining the asset.
- (C) The SPLOST #4 Fund transferred \$81,125 to the Hart County Water and Sewer Authority (a blended component unit treated as proprietary fund by the County) for capital projects related to waterline expansion.
- (D) The SPLOST #4 Fund transferred \$216,252 to the Hart County Industrial Building Authority (a blended component unit treated as proprietary fund by the County) for payments to purchase several parcels of land for the Gateway Industrial Park. IBA has a December 31, 2014 year end, so the amount recorded as transferred in by IBA is \$244,308, resulting in an outstanding transfer timing difference of \$28,056.
- (E) The SPLOST #4 Fund transferred \$39,689 to the Joint Development Authority of Franklin, Hart and Stephens Counties (a blended component unit treated as proprietary fund by the County) for payments to purchase land for the Gateway Industrial Park.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Prior Period Adjustment	Restated Balance September 30, 2014	Additions	Reclassifications and Retirements	Ending Balance
Primary Government:						
Governmental activities:						
Non-depreciable assets:						
Land and improvements	\$ 2,117,662	\$ (994,037)	\$ 1,123,625	\$ 73,135	\$ (89,103)	\$ 1,107,657
Construction in progress	1,984,235	-	1,984,235	82,726	(1,800,972)	265,989
Total non-depreciable capital assets	<u>4,101,897</u>	<u>(994,037)</u>	<u>3,107,860</u>	<u>155,861</u>	<u>(1,890,075)</u>	<u>1,373,646</u>
Depreciable assets:						
Buildings	9,596,614	-	9,596,614	30,727	-	9,627,341
Machinery, equipment and other	5,463,629	-	5,463,629	54,949	(157,912)	5,360,666
Vehicles	4,812,915	-	4,812,915	326,558	-	5,139,473
Infrastructure	56,963,023	-	56,963,023	627,212	994,561	58,584,796
Recreational upgrades	1,833,449	-	1,833,449	1,015,737	2,851	2,852,037
Total depreciable capital assets	<u>78,669,630</u>	<u>-</u>	<u>78,669,630</u>	<u>2,055,183</u>	<u>839,500</u>	<u>81,564,313</u>
Less accumulated depreciation for:						
Buildings	(2,433,520)	-	(2,433,520)	(145,722)	(19,268)	(2,598,510)
Machinery, equipment and other	(2,738,292)	-	(2,738,292)	(235,961)	168,002	(2,806,251)
Vehicles	(2,331,754)	-	(2,331,754)	(249,620)	8,986	(2,572,388)
Infrastructure	(27,038,598)	-	(27,038,598)	(1,858,057)	-	(28,896,655)
Recreational upgrades	(263,453)	-	(263,453)	(44,629)	-	(308,082)
Total accumulated depreciation	<u>(34,805,617)</u>	<u>-</u>	<u>(34,805,617)</u>	<u>(2,533,989)</u>	<u>157,720</u>	<u>(37,181,886)</u>
Total depreciable capital assets, net	<u>43,864,013</u>	<u>-</u>	<u>43,864,013</u>	<u>(478,806)</u>	<u>997,220</u>	<u>44,382,427</u>
Governmental activities capital assets, net	<u>\$47,965,910</u>	<u>\$ (994,037)</u>	<u>\$ 46,971,873</u>	<u>\$ (322,945)</u>	<u>\$ (892,855)</u>	<u>\$ 45,756,073</u>
Business-type activities:						
Non-depreciable assets:						
Land and improvements	\$ 5,986,235	-	\$ 5,986,235	\$ 11,749	\$ -	\$ 5,997,984
Construction in progress	3,978,363	-	3,978,363	1,635,010	(2,260,344)	3,353,029
Sewer extension	270,727	-	270,727	-	(270,727)	-
Total non-depreciable capital assets	<u>10,235,325</u>	<u>-</u>	<u>10,235,325</u>	<u>1,646,759</u>	<u>(2,531,071)</u>	<u>9,351,013</u>
Depreciable assets:						
Buildings	252,685	-	252,685	-	-	252,685
Machinery, equipment and other	613,997	-	613,997	219,428	(117,300)	716,125
Vehicles	113,180	-	113,180	-	-	113,180
Water and sewer lines	15,115,082	-	15,115,082	266,475	1,533,071	16,914,628
Infrastructure	3,232,343	-	3,232,343	-	998,000	4,230,343
Total depreciable capital assets	<u>19,327,287</u>	<u>-</u>	<u>19,327,287</u>	<u>485,903</u>	<u>2,413,771</u>	<u>22,226,961</u>
Less accumulated depreciation for:						
Buildings	(44,273)	-	(44,273)	-	-	(44,273)
Machinery, equipment and other	(421,538)	-	(421,538)	(41,342)	43,010	(419,870)
Vehicles	(73,623)	-	(73,623)	-	-	(73,623)
Water and sewer lines	(2,462,275)	-	(2,462,275)	(330,181)	-	(2,792,456)
Infrastructure	(577,911)	-	(577,911)	(69,637)	-	(647,548)
Total accumulated depreciation	<u>(3,579,620)</u>	<u>-</u>	<u>(3,579,620)</u>	<u>(441,160)</u>	<u>43,010</u>	<u>(3,977,770)</u>
Total depreciable capital assets, net	<u>15,747,667</u>	<u>-</u>	<u>15,747,667</u>	<u>44,743</u>	<u>2,456,781</u>	<u>18,249,191</u>
Business-type activities capital assets, net	<u>\$25,982,992</u>	<u>\$ -</u>	<u>\$ 25,982,992</u>	<u>\$ 1,691,502</u>	<u>\$ (74,290)</u>	<u>\$ 27,600,204</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

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, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 9,881	\$ -	\$ -	\$ 9,881
Less accumulated depreciation	<u>(3,952)</u>	<u>(1,976)</u>	<u>-</u>	<u>(5,928)</u>
Capital assets, net	<u>\$ 5,929</u>	<u>\$ (1,976)</u>	<u>\$ -</u>	<u>\$ 3,953</u>

Hart County Library

Capital asset activity for the Library for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 191,495	\$ 8,552	\$ (74,956)	\$ 125,091
Books and collections	414,331	22,417	(22,234)	414,514
Less accumulated depreciation for:				
Machinery, equipment and other	(141,699)	(6,869)	74,956	(73,612)
Books and collections	<u>(387,680)</u>	<u>(11,975)</u>	<u>22,234</u>	<u>(377,421)</u>
Capital assets, net	<u>\$ 76,447</u>	<u>\$ 12,125</u>	<u>\$ -</u>	<u>\$ 88,572</u>

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

Primary Government:

Governmental activities:

General government	\$ 107,228
Housing and development	18,082
Judicial	5,288
Public health and welfare	10,209
Public safety	357,369
Public works	1,958,329
Recreation and culture	<u>77,484</u>
Total depreciation expense - governmental activities	<u>\$ 2,533,989</u>

Business-type activities:

Solid waste	\$ 34,384
Hart County Industrial Building Authority	387
Joint Development Authority of Franklin, Hart and Stephens Counties	71,889
Hart County Water and Sewer Authority	<u>334,501</u>
Total depreciation expense - business-type activities	<u>\$ 441,161</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 8 – LEASES RECEIVABLE

Health Care Services Fund: This nonmajor governmental fund was created during fiscal year 2014 when the Hart County Hospital Authority (the "Authority") dissolved on August 26, 2014 and transferred the Authority's remaining assets and contracts to the County. Included in the transfer was a three year operating lease agreement with Ty Cobb Healthcare System, Inc. for the former Hart County Hospital building with an option to extend the term for an additional three years. Monthly lease payments were \$4,100. At the time of the transfer, only one year was remaining on the original lease. Lease payments totaling \$36,900 were made by the County during the year ended September 30, 2015. This lease liability was offset by a three year sub-lease with an urgent care center for building space in the former hospital building with an option to extend the term for an additional three years. At the time of the transfer, only one year was remaining on the original lease. Amounts due under the sub-lease were \$4,100 per month. Sub-lease rental payments totaling \$41,000 were received by the County during the year ended September 30, 2015. Both the lease payable and sub-lease receivable have been terminated as of September 30, 2015.

DFACS Building Fund: As an offset to the DFACS capital lease payable described in Note 9, the County entered into a sublease rental agreement with the Georgia Department of Human Resources ("DHR") whereby DHR rented the DFACS facility for office space of the Hart County DFACS. DHR agreed to pay the County \$14,149 per month. Of this amount, \$13,631 was considered rent and \$518 was a monthly maintenance charge. The rental term ran from July 1 to June 30 of each year. The initial term began on August 1, 2000. DHR had the option of renewing this sublease agreement each July 1st for an additional term. The final additional term commenced July 1, 2014 and was replaced by an amended lease effective January 1, 2015 with a reduced rental rate due to the payoff of the capital lease payable. Under the terms of the amended lease, the rental term runs from July 1 to June 30 of each year with the option of annual renewals through 2029. DHR agreed to pay the County monthly rent payments of \$5,752. If the lease is renewed for additional years, the monthly payments will be \$5,752 per month through December 31, 2019, \$3,495 per month through December 31, 2024, and \$4,940 per month through December 31, 2029.

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

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Company	Leased Property (Collateral)	Material Covenants	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
Milbro Refractories, Inc.	8.58 acres land, 20,000 sq ft building and equipment	Company to employ and maintain employment for at least 5 individuals and invest at least \$800,000 in physical assets in Hart County, Georgia by 12/31/10.	\$ 659,555	\$ 10	12/31/08	03/06/08	02/06/31	Automatic annual renewals
Ritz Instrument Transformers, Inc.	10 acres land and equipment	Company to employ and maintain employment for at least 50 individuals and invest at least \$3,250,000 in physical assets in Hart County, Georgia by 12/31/10.	\$ 4,000,000	\$1,500	12/01/10	12/31/09	12/30/14	Automatic annual renewals if outstanding SBA loan
SD Automotive Group Management, Inc.	Equipment	Company to employ and maintain employment for at least 25 individuals and invest at least \$3,000,000 in physical assets in Hart County, Georgia by 12/31/12.	\$ -	\$10	01/01/12	12/31/11	12/31/15	2 automatic renewing options through 1/5/22
Tenneco Automotive Operating Company, Inc.	11 parcels of land, improvements and equipment	Company to employ at least 220 individuals by 12/31/12 and to employ and maintain employment for 400 individuals and invest at least \$10,470,000 in physical assets in Hart County, Georgia by 12/31/2020. Allowed to increase investment available for abatement through 2012. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 42,000,000	Amount needed to pay principal and interest payments on bond debt.	12/01/10	05/01/10	12/01/14	2 automatic renewing options, through 12/1/21

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

The amount of the PILOT payments are based on the amount of ad valorem tax that would be owed if the property were held in the lessees' names, multiplied by the percentages shown below for each year. No later than ten years from the inception of the lease, all lessees will pay 100% of the value of the ad valorem tax.

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

Joint Development Authority of Franklin, Hart and Stephens Counties

Pursuant to the conduit debt obligations detailed in Note 9, the Joint Development Authority of Franklin, Hart and Stephens Counties has taken title to certain fixtures, equipment and other personal and real property and leased said property to various companies in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Georgia. The leased property is not recorded on the Statement of Net Position or Balance Sheet because each company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. Each company will pay to JDA a payment in lieu of ad valorem taxes ("PILOT") over a ten year phase-in period. For leased property that is subject to a lien at the time the property is transferred to JDA, JDA has guaranteed the debt secured by and limited to the amount of the collateral.

As part of the 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. As of June 30, 2015, NGN paid their first annual payment covering the rental for fiscal year 2016. The payment has been recorded as unearned revenue on the Statement of Net Position.

The net value of the property under lease is \$993,010, which is net of accumulated depreciation of \$4,990.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

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

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

<u>FY</u>	
2016	\$ 18,850
2017	18,850
2018	18,850
2019	18,850
2020	18,850
Thereafter	<u>56,550</u>
Total	<u>\$ 150,800</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

Capital Lease Payable

DFACS Building Fund: On July 1, 1999, the County entered into a lease purchase agreement with HHS Property Corporation to construct a building known as the Department of Family and Children's Services ("DFACS") facility. The total cost of the DFACS facility was \$1,670,296, which is classified in buildings in the County's capital assets. Principal payments on this lease started at the time construction was complete. The first payment was made on March 1, 2000 and the final payment was made in November 2014, at which time, the County took possession of the facility.

During fiscal year 2015, the County made total payments of \$24,822 to pay the remaining balance of the DFACS building lease. Of this total payment, \$24,661 was a reduction of principal while \$161 was interest paid.

The building acquired by this capital lease is included in governmental-type activities capital assets in the amount of \$1,325,797 (cost of \$1,670,296 less accumulated depreciation of \$344,499). Current year depreciation of \$20,879 is included in depreciation expense in the County's government-wide statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after closure. On May 1, 1997, in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. Although closure and post closure care costs will generally be paid near or after the date the landfill stops accepting waste, generally accepted accounting principles require a portion of the estimated closure and post closure care costs to be reported as an operating expense in each period for which the landfill accepts waste. The \$208,628 reported as landfill closure and post closure care liability at September 30, 2015 represents the cumulative estimated total amount necessary to perform all future post closure functions based on the use of 100% of the estimated capacity of the landfill. The amount reported is based on what it would cost to perform all post closure care in 2015. 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.

CHANGES IN NONCURRENT LIABILITIES

Noncurrent liability activity for the primary government for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 590,290	\$ 437,085	\$ (440,200)	\$ 587,175	\$ 413,735
Capital leases payable	24,661	-	(24,661)	-	-
Governmental activities noncurrent liabilities	<u>\$ 614,951</u>	<u>\$ 437,085</u>	<u>\$ (464,861)</u>	<u>\$ 587,175</u>	<u>\$ 413,735</u>
Business-type activities:					
Compensated absences	\$ 29,360	\$ 15,967	\$ (12,864)	\$ 32,463	\$ 11,365
Landfill postclosure	252,128	-	(43,500)	208,628	43,500
Business-type activities noncurrent liabilities	<u>\$ 281,488</u>	<u>\$ 15,967</u>	<u>\$ (56,364)</u>	<u>\$ 241,091</u>	<u>\$ 54,865</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

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

<u>Fund</u>	Compensated Absences Liability
Governmental activities:	
General Fund	\$ 559,895
E911 Fund	18,921
Insurance Premium Tax Fund	<u>8,359</u>
Total governmental activities	\$ <u>587,175</u>
Business-type activities:	
Solid Waste Fund	\$ 24,498
Hart County Water & Sewer	<u>7,965</u>
	\$ <u>32,463</u>

BLENDED COMPONENT UNITS:

Hart County Industrial Building Authority

Conduit Debt Obligations

In June 2010, IBA issued in its name Series 2009 taxable industrial development revenue bonds in the amount of \$42,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Tenneco Automotive Operating Company, Inc. ("Tenneco") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Tenneco under a capital lease. IBA has no obligation to pay on the Series 2009 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA or the County. The bonds mature on December 1, 2021. The outstanding balance of the Series 2009 bonds payable at December 31, 2014 was unconfirmed.

Notes Payable

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

In September 2013, IBA borrowed \$3,012,750 through a federally awarded rural development loan from USDA to complete the purchase of 133.9 acres of land located in Gateway Industrial Park in Hart County, Georgia acquired from Janiece Murray White in October 2011. According to the terms of the note, payments of \$11,690 with interest at 3.5% per annum are due beginning October 2013 and every month thereafter for a term of 40 years, maturing in September 2053. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments from funds earmarked for economic development. In addition, IBA is required to maintain a debt service reserve fund in the amount of \$140,280 (equivalent to twelve monthly payments). As of December 31, 2014, this debt service reserve account was fully funded by the County and is reported as restricted cash on the Statement of Net Position as a noncurrent asset.

Noncurrent liability activity for IBA for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
IBA					
Business-type activities:					
Hart EMC note payable	\$ 322,500	\$ -	\$ (90,000)	\$ 232,500	\$ 90,000
USDA note payable	3,004,016	-	(35,786)	2,968,230	36,979
Business-type activities noncurrent liabilities	<u>\$ 3,326,516</u>	<u>\$ -</u>	<u>\$ (125,786)</u>	<u>\$ 3,200,730</u>	<u>\$ 126,979</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 103,301	\$ 126,979	\$ 230,280
2016	101,986	128,294	230,280
2017	100,624	92,156	192,780
2018	99,214	41,066	140,280
2019	97,753	42,527	140,280
2020 - 2024	464,972	236,428	701,400
2025 - 2029	419,828	281,572	701,400
2030 - 2034	366,063	335,337	701,400
2035 - 2039	302,033	399,367	701,400
2040 - 2044	225,777	475,623	701,400
2045 - 2049	134,960	566,440	701,400
2050 - 2054	31,387	474,941	506,328
Total	<u>\$ 2,447,898</u>	<u>\$ 3,200,730</u>	<u>\$ 5,648,628</u>
Less: Interest			<u>(2,447,898)</u>
Present value of minimum payments			<u>\$ 3,200,730</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

Conduit Debt Obligations

In October, 2004, JDA issued in its name two Series 2004 taxable industrial development revenue bonds in the amounts of \$15,400,000 and \$13,000,000. Monies obtained from the bond issuances were used to construct and equip a manufacturing facility for TI Group Automotive Systems, L.L.C. serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by TI Group Automotive Systems, L.L.C. under capital lease agreements. JDA has no obligation to pay on the Series 2004 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of JDA or the County. The \$15,400,000 bonds mature on October 1, 2015 and the \$13,000,000 bonds mature on October 1, 2017. The outstanding balance of the \$15,400,000 bonds payable at June 30, 2015 was unconfirmed. The outstanding balance of the \$13,000,000 bonds payable at June 30, 2015 was \$1,300,000.

In November, 2007, JDA issued in its name Series 2007 taxable industrial revenue bonds in the amount of \$40,000,000. Monies obtained from the bond issuance was used to acquire, construct and equip a manufacturing facility for Fenner-Dunlop Americas, Inc. serving Hart and Franklin Counties, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Fenner-Dunlop Americas, Inc. under a capital lease. JDA has no obligation to pay on the Series 2007 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of JDA or the County. The bonds mature on November 1, 2019. The outstanding balance of the \$40,000,000 bonds payable at June 30, 2015 was unconfirmed.

Notes Payable

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

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

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

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

Notes Payable (Continued)

Noncurrent liability activity for JDA for the year ended June 30, 2015 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	\$ 459,950	\$ -	\$ (24,083)	\$ 435,867	\$ 24,540
OneGeorgia note payable	-	150,000	(4,688)	145,312	14,062
Business-type activities noncurrent liabilities	<u>\$ 459,950</u>	<u>\$ 150,000</u>	<u>\$ (28,771)</u>	<u>\$ 581,179</u>	<u>\$ 38,602</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 15,149	\$ 38,602	\$ 53,751
2017	14,067	44,372	58,439
2018	13,159	45,280	58,439
2019	12,218	46,221	58,439
2020	11,273	47,166	58,439
2021 - 2025	40,375	214,318	254,693
2026 - 2029	10,889	145,220	156,109
Total	<u>\$ 117,130</u>	<u>\$ 581,179</u>	<u>\$ 698,309</u>
Less: Interest			<u>(117,130)</u>
Present value of minimum payments			<u>\$ 581,179</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority

Notes Payable

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

- As of September 30, 2014, HCWSA had drawn down \$1,546,761 related to this agreement, of which \$1,199,204 (77.53%) was federally funded and \$347,557 (22.47%) was funded by the state of Georgia. The amount reported as loan forgiveness revenue was \$309,352 (20%) and the remaining 80%, \$1,237,409, was reported as a noncurrent liability.
- As of September 30, 2015, HCWSA had drawn down the remaining \$674,939 related to this agreement, of which \$523,280 (77.53%) was federally funded and \$151,659 (22.47%) was funded by the state of Georgia. The amount reported as loan forgiveness revenue is \$134,988 (20% of current year draws) and the remaining 80%, \$539,951, is reported as an increase in noncurrent liabilities. Construction period interest at 0.5% per annum in the amount of \$7,441 has been capitalized as part of construction in progress on this project for the current year.

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

- As of September 30, 2015, HCWSA has drawn down \$229,496 related to this agreement, of which \$177,928 (77.53%) is federally funded and \$51,568 (22.47%) is funded by the state of Georgia. The amount reported as loan forgiveness revenue is \$57,374 (25% of total) and the remaining 80%, \$172,122, is reported as a noncurrent liability. Construction period interest at 0.52% per annum in the amount of \$83 has been capitalized as part of construction in progress. In addition to construction period interest, HCWSA is required to pay a 1% loan origination fee in the amount of \$20,000 divided into twelve monthly payments of \$1,667 beginning April 2015. During the year ended September 30, 2015, payments totaling \$10,000 related to the loan origination fee agreement were paid and are reported as a non-operating expense in these financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority (Continued)

Notes Payable (Continued)

Noncurrent liability activity for HCWSA for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
HCWSA					
Business-type activities:					
DWSRF #11-002	\$ 1,237,409	\$ 539,951	\$ -	\$ 1,777,360	\$ 351,927
DWSRF #13-017	-	172,122	-	172,122	-
Business-type activities noncurrent liabilities	<u>\$ 1,237,409</u>	<u>\$ 712,073</u>	<u>\$ -</u>	<u>\$ 1,949,482</u>	<u>\$ 351,927</u>

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 8,081	\$ 351,927	\$ 360,008
2017	6,317	353,691	360,008
2018	4,545	355,463	360,008
2019	2,764	357,244	360,008
2020	973	359,035	360,008
Total	<u>\$ 22,680</u>	<u>\$ 1,777,360</u>	<u>\$ 1,800,040</u>
Less: Interest			<u>(22,680)</u>
Present value of minimum payments			<u>\$ 1,777,360</u>

The DWSRF loan interest will be paid by the Hart County Water and Sewer Authority and the principal will be paid by the SPLOST #4 Fund.

Compensated Absences

Activity related to compensated absences for the year ended September 30, 2015 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	\$ 6,134	\$ 4,467	\$ (2,636)	\$ 7,965	\$ 2,412

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS:

Hart County Library

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

Hart County Health Department

Noncurrent liability activity for the Health Department for the year ended June 30, 2015 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	\$ 34,248	\$ 26,644	\$ (11,199)	\$ 49,693	\$ 16,250

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

NOTE 10 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

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

NOTE 11 – PENSION PLANS

Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with the Deferred Compensation Plan discussed below. The contributions from both plans are invested with Lincoln National Life and ING 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, 2015, the County contributed \$78,854 to the plan, based on covered salaries of \$2,628,469. Total payroll was \$7,309,796. Plan members made voluntary contributions of \$119,122.

Deferred Compensation Plan

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 11 – PENSION PLANS (CONTINUED)

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

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

During the year ended June 30, 2015, the Library implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*. This change in accounting principle required the Library to record 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, 2015, net pension liability of \$145,414 and related deferred pension outflows and inflows of \$53,615 and \$50,694, respectively, are included in the Combining Statement of Net Position for discretely presented component units. See Note 19 for details concerning the prior period adjustment necessary to record the opening balances related to this new standard. For complete pension disclosures and schedules, please see the Library's separately issued standalone audited financial statements.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

Construction: During fiscal year 2015, the County was awarded FY15 and FY16 Georgia Department of Transportation Local Maintenance and Improvement Program ("LMIG") funds of \$487,193 and \$488,733 respectively. The County agreed to escrow the funds to be applied to the stated projects in 2016. This project is expected to be let to bid in spring or summer 2016 with completion by the end of calendar year 2016. These amounts will be used for stated road improvements in fiscal year 2016.

In April, 2015, the County was awarded a \$250,000 safety subgrant for rumble strips and striping. The grant funds will not flow through the County but will be directly administered by the Georgia Department of Transportation. GDOT is anticipating completion of this project in the spring of 2016.

In August 2015, the County was awarded a \$500,000 federal grant for resurfacing Old Highway 29. The grant funds will not flow through the County but will be directly administered by the Georgia Department of Transportation.

In September 2015, the County entered into an agreement with B&M Excavation for grading land at Gateway II in the amount of \$309,000 and at Gateway III in the amount of \$260,000. The agreement includes an alternate option for the Gateway III contract allowing the County to perform the work in coordination with B&M Excavation.

HCWSA: In September 2015, HCWSA's Board approved the application for a \$275,000 GEFA loan for the purpose of financing the conversion of existing water meters to radio read meters. This loan is still pending as of the date these financial statements were issued.

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

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

Hart County Industrial Business Authority (fiscal year ended December 31, 2014):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2015	\$ 438,416
Plus expenditures to IBA between January 1, 2014 and September 30, 2014	305,872
Less expenditures to IBA between January 1, 2015 and September 30, 2015	<u>(316,410)</u>
Revenue reported by IBA for the fiscal year ended December 31, 2014	\$ <u>427,878</u>

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015**

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

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2015):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2015	\$ 43,189
Plus expenditures to JDA between July 1, 2014 and September 30, 2014	9,922
Less expenditures to JDA between July 1, 2015 and September 30, 2015	<u>(9,922)</u>
Revenue reported by JDA for the fiscal year ended June 30, 2015	\$ <u>43,189</u>

Hart County Health Department (fiscal year ended June 30, 2015):

Total amount contributed or expended by Hart County on behalf of the Health Department ("HD") during the fiscal year ended September 30, 2015	\$ 80,000
Plus expenditures to the HD between July 1, 2014 and September 30, 2014	18,322
Less expenditures to the HD between July 1, 2015 and September 30, 2015	<u>(20,000)</u>
Revenue reported by the Health Department for the fiscal year ended June 30, 2015	\$ <u>78,322</u>

Hart County Library (fiscal year ended June 30, 2015):

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2015	\$ 77,000
Plus expenditures to the Library between July 1, 2014 and September 30, 2014	19,250
Less expenditures to the Library between July 1, 2015 and September 30, 2015	<u>(19,250)</u>
Revenue reported by the Library for the fiscal year ended June 30, 2015	\$ <u>77,000</u>

NOTE 15 - JOINT VENTURES

Hart County participates jointly with Franklin County, Georgia in the Franklin-Hart Airport. Both counties have agreed to allocate funds as part of their respective budgets toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Hart County contributed \$3,500 to the Airport during the year ended September 30, 2015. 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, 2015, the County paid \$23,107 in such dues. Membership in a regional commission ("RC") is required by OCGA 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 15 - JOINT VENTURES (CONTINUED)

Hart County and Franklin County have contributed funds to the Joint Development Authority of Franklin, Hart and Stephens Counties for the Gateway Industrial Park project. As of June 30, 2015, contributions for this project since inception, exclusive of any grant revenues, have been provided as follows:

	<u>% of Total</u>	<u>Amount</u>
Hart County	91.0%	\$ 2,223,470
Franklin County	<u>9.0%</u>	<u>220,990</u>
Total	<u>100.0%</u>	\$ <u>2,444,460</u>

NOTE 16 - EMPLOYMENT INCENTIVE PROGRAM FUND

For reporting purposes, management has consolidated all five active Employment Incentive Program Funds. This consolidation will help to properly report the financial figures for the Employment Incentive Program as a whole.

The following is a reconciliation of the ending EIP fund balance for the year ended September 30, 2015:

EIP Fund #1	\$ 82,412
EIP Fund #3	47,923
EIP Fund #4	125,270
EIP Fund #5	111,279
EIP Fund #7	<u>17,238</u>
Total EIP Fund fund balance	\$ <u>384,122</u>

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, 2015, the percentage share of the LOST funds was allocated as follows:

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 17 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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

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

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

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

In December 2014, the Board of Commissioners approved an intergovernmental agreement with IBA to be used to reimburse IBA for costs related to a consulting agreement with Aeratus Enterprises, LLC for economic developer services.

NOTE 18 – RELATED PARTY TRANSACTIONS

In December 2014, IBA entered into a consulting agreement effective January 1, 2015 with Aeratus Enterprises, LLC to provide economic development services. The owner of Aeratus Enterprises, LLC previously performed these services to IBA as an employee of Hart County, Georgia. No amounts paid under this agreement are included in IBA's financial statements due to IBA's December 31, 2014 year-end.

HCWSA has entered into engineering service agreements with Lakeside Engineering & Environmental Services, Inc. which is owned by the director of HCWSA. Amounts paid to Lakeside Engineering & Environmental Services, Inc. during the fiscal year ended September 30, 2015 totaled \$74,024.

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 19 - PRIOR PERIOD ADJUSTMENTS / RESTATEMENTS

Correction of an Error:

During the year ended September 30, 2015, the County became aware that a portion of land located in the Gateway Industrial Park in the amount of \$994,037 was recorded as a capital asset of the County, but had actually been deeded to IBA on March 20, 2009. This land was correctly included in IBA's capital assets as well, resulting in a duplication. The County determined that a restatement of beginning net position for net investment in capital assets of the governmental activities is necessary to correct the capital assets and the effect of the transfer expense which was not recorded in prior years in the amount of \$994,037.

Net Position of Governmental Activities for the year ended September 30, 2014 was as follows:

	<u>Net Investment In Capital Assets</u>	<u>Total Restricted</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
As previously reported	\$ 47,941,249	\$ 4,278,323	\$ 5,470,465	\$ 57,690,037
Prior period adjustment	<u>(994,037)</u>	<u>-</u>	<u>-</u>	<u>(994,037)</u>
As restated	\$ <u>46,947,212</u>	\$ <u>4,278,323</u>	\$ <u>5,470,465</u>	\$ <u>56,696,000</u>

Change in Accounting Principle:

During the fiscal year ended June 30, 2015, the Hart County Health Department and the Hart County Library adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*.

Hart County Health Department: The implementation of the statement required the Health Department to record beginning net pension liability and the effects on net position of contributions made by the Health Department during the measurement period (fiscal year ended June 30, 2014). In addition, the Health Department made some small restatements to correct revenues and expenditures related to the previous year. As a result, unrestricted net position for the governmental activities decreased by \$391,534. The components of this decrease are as follows:

Increase in net pension liability	\$ 444,871
(Increase) in deferred outflows of resources	(45,325)
(Increase) in FY14 revenues and expenditures	<u>(8,012)</u>
Net decrease in unrestricted net position	\$ <u>391,534</u>

Hart County Library: The implementation of the statement required the Library to record beginning net pension liability and the effects on net position of contributions made by the Library during the measurement period (fiscal year ended June 30, 2014). As a result, unrestricted net position for the governmental activities decreased by \$140,310. The components of this decrease are as follows:

Increase in net pension liability	\$ 154,733
(Increase) in deferred outflows of resources	<u>(14,423)</u>
Net decrease in unrestricted net position	\$ <u>140,310</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 20 – 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 \$500,000. During the year ended September 30, 2015, the County did not exceed this threshold for federal awards in the County’s name or administered by the County. The Hart County Water and Sewer Authority did exceed the threshold and was subject to a separate audit in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These federal awards are reported on HCWSA’s SEFA and are not considered federal awards of the County. See the HCWSA’s separately issued standalone audited financial statements for additional information related to federal award programs.

NOTE 21 - SUBSEQUENT EVENTS

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

- 1) In June 2015, the County was awarded a \$500,000 Community Development Block Grant as part of a joint venture to construct a wastewater pretreatment facility serving the Lake Foods facility. As of February 2016, special conditions required by the grantor are still in process. Construction is expected to begin later this year.
- 2) In September 2015, the County committed the use of matching funds of approximately \$394,000 from the SPLOST economic development funds toward the Northern Sewer Line project between the County and the City of Lavonia as long as related grants are received. Two federal grant awards are being sought. A \$700,000 Economic Development Administration grant from the U.S. Department of Commerce was awarded in September 2015 and a \$500,000 Appalachian Regional Commission grant was applied for in January 2016, which is still pending. This is a joint project with the City of Lavonia.
- 3) In October 2015, the City of Hartwell entered into a contract to complete the remaining water projects for the close-out of SPLOST #2. The initial draw was paid from the SPLOST #2 Fund in November 2015 for \$114,860.
- 4) In February 2016, a settlement was reached regarding an ongoing tax litigation case.
- 5) In March, 2016, the County Administrator tendered his resignation effective April 29, 2016.
- 6) HCWSA: Additional draws on the \$2,000,000 GEFA loan in the amount of \$384,227 have been received from GEFA for waterline expansion costs in the Bethany Church area, increasing the note payable by \$288,171 (75%) and the loan forgiveness grant revenue by \$96,057 (25%). The County has guaranteed repayment of the amounts borrowed. In October 2015, HCWSA’s Board awarded a contract for water system expansion in the Rock Springs area to Arrowood General Contracting, Inc. for \$983,775.
- 7) HCWSA: In December 2015, HCWSA’s Board awarded a contract for \$456,329 to Cedar Farms & Construction for the construction of the Reed Creek waterline project to be funded by the County’s \$500,000 Community Development Block Grant awarded by the Georgia Department of Community Affairs in August 2015. The remainder of the estimated \$750,000 total project costs will be paid from SPLOST funds.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

NOTE 21 - SUBSEQUENT EVENTS (CONTINUED)

- 8) *IBA*: In January 2016, IBA's Board executed a Memorandum of Understanding ("MOU") with Haering Precision USA LP ("Company") to assist the Company with locating and financing its new manufacturing facility in Hart County, Georgia. In exchange for the Company investing \$40,000,000 in the project and creating 400 new jobs within five years of completion, IBA agreed to:
- Lease 36.75 acres of land located in the Gateway II Industrial Park to the Company for \$15,000 per acre with an option to purchase, along with right of first refusal on an adjoining 18.8 acres. IBA agreed to reimburse the Company for site preparation and infrastructure costs up to \$551,250, which is the amount of these lease payments, to include up to \$60,000 in travel and education. IBA further agreed to provide all water, gas and sewer extensions to the Company's new facilities and relocate utility lines outside the leased property boundaries.
 - Issue revenue bonds up to the amount of \$64,000,000 to assist the Company in building the new facility. Payment on these bonds will be made by the Company, and will therefore be considered as conduit debt for financial reporting purposes. IBA will receive a \$50,000 financing fee at closing.
 - Provide ad valorem tax abatement incentives over a ten year staggered phase-in period.
 - Apply for a OneGeorgia Authority \$600,000 construction grant to assist the Company.
 - Build a new county road along the boundary of the property and provide the funding for the costs of rock excavation, provided under a commitment from Hart County, Georgia.
- 9) *IBA*: In January 2016, IBA's Board executed a MOU with Linde + Wiemann Sales & Engineering, Inc. ("Company") to assist the Company with locating and financing its new manufacturing facility in Hart County, Georgia. In exchange for the Company investing \$64,000,000 in the project and creating 201 new jobs within five years of completion, IBA agreed to:
- Lease between 27-33 acres of land located in the Gateway II Industrial Park to the Company for \$405,000 with an option to purchase. IBA agreed to reimburse the Company for site preparation and infrastructure costs up to \$405,000 to include up to \$40,000 in travel and education. IBA additionally agreed to provide the funding for a training instructor, rock excavation, a construction road, grading 20 acres, and all water, gas and sewer extensions to the Company's new facilities.
 - Lease an adjacent site to the Company to be used as a short-term construction site in exchange for a one time rental fee of \$5,000.
 - Issue revenue bonds structured as draw-down bonds up to the amount of \$64,000,000 to assist the Company in building the new facility. Payment on these bonds will be made by the Company, and will therefore be considered as conduit debt for financial reporting purposes. IBA will receive a \$50,000 financing fee at closing.
 - Provide ad valorem tax abatement incentives over a ten year staggered phase-in period.
 - Apply for a OneGeorgia Authority \$600,000 construction grant to assist the Company.
 - Build a new county road along the boundary of the property, provided under a commitment from Hart County, Georgia.

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, 2015
(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 8,002,000	\$ 8,592,000	\$ 8,706,525	\$ 114,525
Licenses and permits	61,300	61,300	59,578	(1,722)
Intergovernmental	167,262	167,262	240,851	73,589
Fines and forfeitures	485,000	520,000	627,164	107,164
Charges for services	1,110,350	1,110,350	1,175,087	64,737
Investment earnings	3,000	3,000	6,123	3,123
Miscellaneous	180,550	180,550	236,164	55,614
Total revenues	10,009,462	10,634,462	11,051,492	417,030
EXPENDITURES				
Current expenditures				
General government				
General government	90,900	90,900	57,128	(33,772)
Board of registrars	9,428	15,675	12,144	(3,531)
Board of elections	61,640	79,607	71,083	(8,524)
Elections	17,849	28,204	28,204	-
Professional	120,000	121,380	95,324	(26,056)
Executive	390,016	390,016	385,520	(4,496)
Tax commissioner	296,984	296,984	293,343	(3,641)
Tax assessors	474,093	547,045	547,045	-
Risk management	148,000	163,100	163,100	-
Buildings and properties	84,400	153,547	153,547	-
General administration fees	4,604	4,604	4,595	(9)
Total general government	1,697,914	1,891,062	1,811,033	(80,029)
Judicial				
Superior court	91,899	109,464	109,464	-
Clerk of superior court	291,623	291,623	284,797	(6,826)
Probate court	208,131	214,931	208,184	(6,747)
Juvenile court	43,800	76,626	76,626	-
Grand jury	49,000	49,000	43,718	(5,282)
Public defender	66,435	66,435	66,435	-
District attorney	31,388	63,756	63,756	-
Magistrate court	170,641	169,250	169,250	-
Board of equalization	9,571	14,420	14,420	-
Total judicial	962,488	1,055,505	1,036,650	(18,855)
Public Safety				
Sheriff	2,119,987	2,171,272	2,169,183	(2,089)
Jail operations	1,188,509	1,353,043	1,353,043	-
Whitworth women's center	30,000	30,000	15,254	(14,746)
Coroner and medical examiner	24,910	28,876	28,876	-
Emergency management	30,035	30,035	27,324	(2,711)
Emergency medical service	2,183,908	2,183,908	2,143,868	(40,040)
Animal control	78,544	80,714	80,714	-
Total public safety	5,655,893	5,877,848	5,818,262	(59,586)

Continued on next page

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2015
(Required Supplementary Information)

Continued from previous page

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Highways & streets	822,047	825,660	719,853	(105,807)
Maintenance shop	504,789	504,332	427,056	(77,276)
Total public works	<u>1,326,836</u>	<u>1,329,992</u>	<u>1,146,909</u>	<u>(183,083)</u>
Public Health and Welfare				
Health	83,100	83,100	82,673	(427)
Welfare	40,000	40,000	30,000	(10,000)
Senior citizens center	111,553	122,254	122,254	-
Transportation services	67,561	77,525	77,525	-
Total public health and welfare	<u>302,214</u>	<u>322,879</u>	<u>312,452</u>	<u>(10,427)</u>
Recreation and Culture				
Recreation	294,125	312,540	312,540	-
Hydra	-	4,993	4,993	-
Library administration	77,000	77,300	77,300	-
Total recreation and culture	<u>371,125</u>	<u>394,833</u>	<u>394,833</u>	<u>-</u>
Housing and Development				
Agricultural resources	77,450	78,605	78,605	-
Economic development & assistance	242,402	316,163	284,593	(31,570)
Airport authority	3,500	3,500	3,500	-
Community action programs	100	100	-	(100)
Adult basic education	7,000	10,515	10,515	-
Total housing and development	<u>330,452</u>	<u>408,883</u>	<u>377,213</u>	<u>(31,670)</u>
Total expenditures	<u>10,646,922</u>	<u>11,281,002</u>	<u>10,897,352</u>	<u>(383,650)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(637,460)</u>	<u>(646,540)</u>	<u>154,140</u>	<u>800,680</u>
Other financing sources (uses)				
Carryover of funds	637,460	646,540	-	(646,540)
Transfers out	-	-	(12,548)	(12,548)
Total other financing sources (uses)	<u>637,460</u>	<u>646,540</u>	<u>(12,548)</u>	<u>(659,088)</u>
Net change in fund balance	-	-	141,592	141,592
Fund balance, beginning of year	-	-	4,692,093	4,692,093
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,833,685</u>	<u>\$ 4,833,685</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, 2015
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 900,000	\$ 900,000	\$ 960,037	\$ 60,037
Investment earnings	1,200	1,200	1,147	(53)
Total revenues	<u>901,200</u>	<u>901,200</u>	<u>961,184</u>	<u>59,984</u>
EXPENDITURES				
Current				
General government	45,377	50,465	50,465	-
Public safety	401,332	498,935	498,935	-
Public works	597,633	596,545	596,545	-
Total expenditures	<u>1,044,342</u>	<u>1,145,945</u>	<u>1,145,945</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(143,142)	(244,745)	(184,761)	59,984
Other financing sources (uses)				
Transfers in (out) - General Fund	143,142	244,745	-	(244,745)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(184,761)	(184,761)
Fund balances, beginning of year	-	-	416,613	416,613
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,852</u>	<u>\$ 231,852</u>

HART COUNTY, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2015
(Required Supplementary Information)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,017,593	\$ 1,017,593	\$ 1,037,040	\$ 19,447
Investment earnings	-	-	597	597
Total revenues	<u>1,017,593</u>	<u>1,017,593</u>	<u>1,037,637</u>	<u>20,044</u>
EXPENDITURES				
General government	-	-	149	149
Public works	484,819	484,819	51,114	(433,705)
Recreation and culture	12,500	12,500	500	(12,000)
Capital outlay	1,476,617	1,476,617	-	(1,476,617)
Total expenditures	<u>1,973,936</u>	<u>1,973,936</u>	<u>51,763</u>	<u>(1,922,173)</u>
Excess (deficiency) of revenues over (under) expenditures	(956,343)	(956,343)	985,874	1,942,217
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	48	48
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(956,343)	(956,343)	985,922	1,942,265
Fund balances, beginning of year	-	-	12,601	12,601
Fund balances, end of year	<u>\$ (956,343)</u>	<u>\$ (956,343)</u>	<u>\$ 998,523</u>	<u>\$ 1,954,866</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, 2015
(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 21,000	\$ 21,000	\$ 22,616	\$ 1,616
Miscellaneous revenues	-	-	197,529	197,529
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>220,145</u>	<u>199,145</u>
EXPENDITURES				
General government				
Housing and development	6,264	6,264	5,008	(1,256)
Total expenditures	<u>6,264</u>	<u>6,264</u>	<u>5,008</u>	<u>(1,256)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	14,736	14,736	215,137	200,401
Fund balances, beginning of year	-	-	168,985	168,985
Fund balances, end of year	<u>\$ 14,736</u>	<u>\$ 14,736</u>	<u>\$ 384,122</u>	<u>\$ 369,386</u>

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2015

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 2015, no expenditures were materially in excess of the amounts appropriated in any of these funds. Excesses are considered to be material if they are both greater than \$10,000 and over 3.0% of the department level budget (the legal level of control).

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

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

Supplementary Information

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

**Combining Financial Statements
Nonmajor Governmental Funds**

**HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015**

	Capital Projects Fund	Special Revenue Funds							TOTAL
	SPLOST #2	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	
ASSETS									
Cash and cash equivalents	\$ 262,393	\$ 53,121	\$ 17,781	\$ 345	\$ 8,400	\$ 44,062	\$ 12,369	\$ 22,857	\$ 421,328
Receivables (net of allowance for uncollectibles)	-	-	3,947	59,986	9,878	-	-	1,078,132	1,151,943
Prepaid items	-	-	-	15,642	-	-	-	-	15,642
Total assets	\$ 262,393	\$ 53,121	\$ 21,728	\$ 75,973	\$ 18,278	\$ 44,062	\$ 12,369	\$ 1,100,989	\$ 1,588,913
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 13,366	\$ 1,216	\$ -	\$ -	\$ -	\$ 14,582
Due to other funds	-	-	-	363	-	-	-	-	363
Total liabilities	-	-	-	13,729	1,216	-	-	-	14,945
Fund balances									
Nonspendable	-	-	-	15,642	-	-	-	-	15,642
Restricted	262,393	53,121	21,728	46,602	17,062	44,062	12,369	1,100,989	1,558,326
Total fund balances	262,393	53,121	21,728	62,244	17,062	44,062	12,369	1,100,989	1,573,968
Total liabilities and fund balances	\$ 262,393	\$ 53,121	\$ 21,728	\$ 75,973	\$ 18,278	\$ 44,062	\$ 12,369	\$ 1,100,989	\$ 1,588,913

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	Capital Projects Fund	Special Revenue Funds							TOTAL
	SPLOST #2	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	
REVENUES									
Charges for services	\$ -	\$ 94,212	\$ -	\$ 378,985	\$ -	\$ 6,000	\$ -	\$ 41,000	\$ 520,197
Fines and forfeitures	-	-	21,857	-	50,991	-	7,646	-	80,494
Investment earnings	420	-	-	82	2	14	-	23	541
Total revenues	420	94,212	21,857	379,067	50,993	6,014	7,646	41,023	601,232
EXPENDITURES									
Current									
Judicial	-	-	-	-	-	-	8,141	-	8,141
Public safety	-	-	-	528,672	37,049	-	-	-	565,721
Health and welfare	-	23,957	9,602	-	-	6,644	-	97,410	137,613
Debt service									
Principal	-	24,661	-	-	-	-	-	-	24,661
Interest and paying agent fees	-	161	-	-	-	-	-	-	161
Total expenditures	-	48,779	9,602	528,672	37,049	6,644	8,141	97,410	736,297
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	420	45,433	12,255	(149,605)	13,944	(630)	(495)	(56,387)	(135,065)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	12,500	-	-	-	-	12,500
Excess (deficiency) of revenues over (under) expenditures	420	45,433	12,255	(137,105)	13,944	(630)	(495)	(56,387)	(122,565)
Fund balances, beginning of year	261,973	7,688	9,473	199,349	3,118	44,692	12,864	1,157,376	1,696,533
Fund balances, end of year	\$ 262,393	\$ 53,121	\$ 21,728	\$ 62,244	\$ 17,062	\$ 44,062	\$ 12,369	\$ 1,100,989	\$ 1,573,968

**Nonmajor Special Revenue Funds
Budgetary Schedules**

Special Revenue Funds

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

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

MAJOR FUNDS:

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

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

NONMAJOR FUNDS:

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

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

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

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

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

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

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

HART COUNTY, GEORGIA
DFACS BUILDING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 75,034	\$ 75,034	\$ 94,212	\$ 19,178
Total revenues	<u>75,034</u>	<u>75,034</u>	<u>94,212</u>	<u>19,178</u>
EXPENDITURES				
Current				
Health and welfare	4,600	23,957	23,957	-
Debt service				
Principal	40,893	24,661	24,661	-
Interest and paying agent fees	183	161	161	-
Total expenditures	<u>45,676</u>	<u>48,779</u>	<u>48,779</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	29,358	26,255	45,433	19,178
Other financing sources (uses)				
Transfers in (out) - General Fund	(9,100)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	20,258	26,255	45,433	19,178
Fund balances, beginning of year	-	-	7,688	7,688
Fund balances, end of year	<u>\$ 20,258</u>	<u>\$ 26,255</u>	<u>\$ 53,121</u>	<u>\$ 26,866</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 9,100	\$ 9,100	\$ 21,857	\$ 12,757
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>21,857</u>	<u>12,757</u>
EXPENDITURES				
Current				
Health and welfare	5,500	9,602	9,602	-
Total expenditures	<u>5,500</u>	<u>9,602</u>	<u>9,602</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,600	(502)	12,255	12,757
Fund balances, beginning of year	-	-	9,473	9,473
Fund balances, end of year	<u>\$ 3,600</u>	<u>\$ (502)</u>	<u>\$ 21,728</u>	<u>\$ 22,230</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 433,400	\$ 433,400	\$ 378,985	\$ (54,415)
Investment earnings	-	-	82	82
Total revenues	<u>433,400</u>	<u>433,400</u>	<u>379,067</u>	<u>(54,333)</u>
EXPENDITURES				
Current				
Public safety	520,326	528,672	528,672	-
Total expenditures	<u>520,326</u>	<u>528,672</u>	<u>528,672</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(86,926)	(95,272)	(149,605)	(54,333)
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	12,500	12,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(86,926)	(95,272)	(137,105)	(41,833)
Fund balances, beginning of year	-	-	199,349	199,349
Fund balances, end of year	<u>\$ (86,926)</u>	<u>\$ (95,272)</u>	<u>\$ 62,244</u>	<u>\$ 157,516</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 22,500	\$ 22,500	\$ 50,991	\$ 28,491
Investment earnings	-	-	2	2
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>50,993</u>	<u>28,493</u>
EXPENDITURES				
Current				
Public safety	24,000	37,049	37,049	-
Total expenditures	<u>24,000</u>	<u>37,049</u>	<u>37,049</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,500)	(14,549)	13,944	28,493
Fund balances, beginning of year	-	-	3,118	3,118
Fund balances, end of year	<u>\$ (1,500)</u>	<u>\$ (14,549)</u>	<u>\$ 17,062</u>	<u>\$ 31,611</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Investment earnings	-	-	14	14
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,014</u>	<u>14</u>
EXPENDITURES				
Current				
Housing and development	3,000	6,644	6,644	-
Total expenditures	<u>3,000</u>	<u>6,644</u>	<u>6,644</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,000	(644)	(630)	14
Fund balances, beginning of year	-	-	44,692	44,692
Fund balances, end of year	<u>\$ 3,000</u>	<u>\$ (644)</u>	<u>\$ 44,062</u>	<u>\$ 44,706</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 7,646	\$ 7,646
Total revenues	<u>-</u>	<u>-</u>	<u>7,646</u>	<u>7,646</u>
EXPENDITURES				
Current				
Public safety	-	-	8,141	8,141
Total expenditures	<u>-</u>	<u>-</u>	<u>8,141</u>	<u>8,141</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(495)	(495)
Fund balances, beginning of year	-	-	12,864	12,864
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,369</u>	<u>\$ 12,369</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 49,200	\$ 49,200	\$ 41,000	\$ (8,200)
Investment earnings	-	-	23	23
Total revenues	<u>49,200</u>	<u>49,200</u>	<u>41,023</u>	<u>(8,177)</u>
EXPENDITURES				
Current				
Health and welfare	108,700	108,700	97,410	(11,290)
Total expenditures	<u>108,700</u>	<u>108,700</u>	<u>97,410</u>	<u>(11,290)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(59,500)	(59,500)	(56,387)	3,113
Fund balances, beginning of year	-	-	1,157,376	1,157,376
Fund balances, end of year	<u>\$ (59,500)</u>	<u>\$ (59,500)</u>	<u>\$ 1,100,989</u>	<u>\$ 1,160,489</u>

Combining Financial Statements

Agency Funds

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2015

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	\$ 377,171	\$ 318,585	\$ 161,709	\$ 19,188	\$ 48,457	\$ 925,110
Taxes receivable	1,091,524	-	-	-	-	1,091,524
Total assets	<u>\$ 1,468,695</u>	<u>\$ 318,585</u>	<u>\$ 161,709</u>	<u>\$ 19,188</u>	<u>\$ 48,457</u>	<u>\$ 2,016,634</u>
LIABILITIES						
Due to others	<u>\$ 1,468,695</u>	<u>\$ 318,585</u>	<u>\$ 161,709</u>	<u>\$ 19,188</u>	<u>\$ 48,457</u>	<u>\$ 2,016,634</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended September 30, 2015

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, beginning	\$ 225,463	\$ 277,116	\$ 29,732	\$ 19,488	\$ 45,944	\$ 597,743
Additions	23,281,244	934,795	679,696	163,728	222,191	25,281,654
Deductions	<u>(23,129,536)</u>	<u>(893,326)</u>	<u>(547,719)</u>	<u>(164,028)</u>	<u>(219,678)</u>	<u>(24,954,287)</u>
Cash, ending	<u>377,171</u>	<u>318,585</u>	<u>161,709</u>	<u>19,188</u>	<u>48,457</u>	<u>925,110</u>
Taxes receivable, beginning	2,264,722	-	-	-	-	2,264,722
Additions	16,690,886	-	-	-	-	16,690,886
Deductions	<u>(17,864,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,864,084)</u>
Taxes receivable, ending	<u>1,091,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,091,524</u>
Total assets	<u>\$ 1,468,695</u>	<u>\$ 318,585</u>	<u>\$ 161,709</u>	<u>\$ 19,188</u>	<u>\$ 48,457</u>	<u>\$ 2,016,634</u>
LIABILITIES						
Due to others, beginning	\$ 2,490,185	\$ 277,116	\$ 29,732	\$ 19,488	\$ 45,944	\$ 2,862,465
Additions	23,281,244	934,795	679,696	163,728	222,191	25,281,654
Deductions	<u>(24,302,734)</u>	<u>(893,326)</u>	<u>(547,719)</u>	<u>(164,028)</u>	<u>(219,678)</u>	<u>(26,127,485)</u>
Due to others, ending	<u>1,468,695</u>	<u>318,585</u>	<u>161,709</u>	<u>19,188</u>	<u>48,457</u>	<u>2,016,634</u>
Total liabilities	<u>\$ 1,468,695</u>	<u>\$ 318,585</u>	<u>\$ 161,709</u>	<u>\$ 19,188</u>	<u>\$ 48,457</u>	<u>\$ 2,016,634</u>

Part III

Supplemental Schedules Section

This section contains schedules required by the state of Georgia.



HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #2)
For the Year Ended September 30, 2015

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 4,500,000	\$ 4,500,000	\$ 5,745,298	\$ -	\$ 5,745,298	100.00%
Water system and capital outlay	3,300,000	3,300,000	3,038,693	-	3,038,693	92.08%
Industrial development capital outlay	1,860,000	1,860,000	2,271,546	-	2,271,546	100.00%
County library/literacy center capital outlay	300,000	300,000	320,998	-	320,998	100.00%
Fire protection equipment	1,020,000	1,020,000	1,140,776	-	1,140,776	100.00%
Recreational facilities	1,020,000	1,020,000	1,020,200	-	1,020,200	100.00%
Total	\$ 12,000,000	\$ 12,000,000	\$ 13,537,511	\$ -	\$ 13,537,511	

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

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

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

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #3)
For the Year Ended September 30, 2015

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 4,036,600	\$ 4,036,600	\$ 6,289,951	\$ 96,825	\$ 6,386,776	100.00%
Water system capital outlay	3,200,000	3,200,000	3,200,001	-	3,200,001	100.00%
Industrial development capital outlay	3,200,000	3,200,000	3,201,697	-	3,201,697	100.00%
Capital outlay projects for the City of Royston	99,000	99,000	99,000	-	99,000	100.00%
Capital outlay projects for the Town of Bowersville	83,000	83,000	92,130	-	92,130	100.00%
Capital outlay projects for the Town of Canon	15,000	15,000	15,000	-	15,000	100.00%
Sewer improvements for the City of Hartwell	2,246,400	2,246,400	2,628,523	-	2,628,523	100.00%
Fire protection equipment	1,360,000	1,360,000	1,360,000	-	1,360,000	100.00%
Recreational facilities	1,360,000	1,360,000	1,323,826	38,936	1,362,762	100.00%
Total	\$ 15,600,000	\$ 15,600,000	\$ 18,210,128	\$ 135,761	\$ 18,345,889	

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

Note B: On November 8, 2005, the special one percent sales tax #3 was approved by voters in Hart County with funds to be specifically used for:

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

Note C: The estimated \$15,600,000 SPLOST was approved by election held on November 8, 2005, and shall continue for a period of 6 years with collections that started on April 1, 2006.

Note D: The current year's expenditures have been increased by \$96,825 for roads, streets, and bridges due to a transfer to Special Purpose Local Option Sales Tax #4 for the continuing use of road department inventory purchased in previous years by Special Purpose Local Option Sales Tax #3.

**HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #4)
For the Year Ended September 30, 2015**

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 3,994,880	\$ 3,994,880	\$ 1,745,924	\$ 536,743	\$ 2,282,667	57.14%
Water system capital outlay	3,200,000	3,200,000	757,578	81,125	838,703	26.21%
Industrial development capital outlay	3,200,000	3,200,000	433,720	435,335	869,055	27.16%
Capital outlay projects for the City of Royston	358,400	358,400	125,108	126,561	251,669	70.22%
Capital outlay projects for the Town of Bowersville	185,600	185,600	100,000	55,000	155,000	83.51%
Capital outlay projects for the Town of Canon	37,120	37,120	-	-	-	0.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	933,080	395,436	1,328,516	57.66%
Fire protection equipment	1,360,000	1,360,000	430,847	370,154	801,001	58.90%
Recreational facilities	1,360,000	1,360,000	2,882	1,035,947	1,038,829	76.38%
Total	\$ 16,000,000	\$ 16,000,000	\$ 4,529,139	\$ 3,036,301	\$ 7,565,440	

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

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

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

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

Note D: The current year's expenditures for roads, streets, and bridges have been reduced by \$96,825 due to a transfer from Special Purpose Local Option Sales Tax #3 for the continuing use of road department inventory purchased in previous years by Special Purpose Local Option Sales Tax #3.

Part IV

Compliance Section

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



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

March 24, 2016

**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, 2015, and the related notes to the financial statements, which collectively comprise Hart County, Georgia's basic financial statements and have issued our report thereon dated March 24, 2016. Our report includes a reference to other auditors who audited the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, as described in our report on Hart County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hart County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hart County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Hart County, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia
Page 2
March 24, 2016

Compliance and Other Matters

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

We noted certain other matters involving the internal control over financial reporting that we have reported to the management of Hart County, Georgia in a separate letter dated March 24, 2016.

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

HART COUNTY, GEORGIA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
For the Year Ended September 30, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS:

Federal Audit Findings:

CFDA #23.002 U.S. Department of Housing and Urban Development
Award period: FY2014 (Passed-through the Georgia Department of Transportation)

Finding 2014-003 *Significant deficiency in internal control over monitoring requirements*

Summary of Finding: The County had ineffective monitoring procedures over grant administration activities performed by a third party grant consultant hired to perform these activities.

Status: The County implemented enhanced procedures to monitor the compliance activities performed by grant consultants. The finding has been resolved.

Finding 2014-004 *Material weakness in internal control and noncompliance over special tests and provisions*

Summary of Finding: The County submitted reimbursement requests for the full amount of the federal award, however, the amount of work performed by Disadvantaged Business Enterprises ("DBE") was short of the amount required under the grant agreement.

Status: The County applied for and received a waiver of the DBE requirements from the grantor based on a good faith effort. This finding has been resolved.

Finding 2014-005 *Internal control deficiency and noncompliance over matching requirements*

Summary of Finding: The County submitted reimbursement requests for the full amount of this federal award, however, the amount of construction costs paid by the County for local matching requirements was slightly short of the amount required under the grant agreement.

Status: The Georgia Department of Transportation withheld final payment on this award until the County had met the full match. This finding has been resolved.

Financial Statement Audit Findings:

Finding 2014-001 *Significant deficiency in internal control over financial reporting*

Summary of Finding: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Failure to understand the financial statements may lead to material misstatements.

Status: County personnel received additional training. This finding has been resolved.

Finding 2014-002 *Material weakness in internal control over financial reporting*

Summary of Finding: County had no procedures to adjust receivables to net realizable value on a periodic basis, resulting in the write off of uncollectible EMS receivables dating back for several years.

Status: The County developed and followed procedures to adjust receivables to net realizable value on a periodic basis. This finding has been resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS:

There are no written current audit findings to report.