

**HART COUNTY, GEORGIA**  
**AUDITED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2009

**HART COUNTY, GEORGIA**  
**September 30, 2009**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-7
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>GOVERNMENT - WIDE FINANCIAL STATEMENTS:</b>	
Statement of Net Assets	9
Statement of Activities	10
<b>FUND FINANCIAL STATEMENTS:</b>	
Governmental Funds:	
Balance Sheet	11
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Fund:	
Statement of Net Assets	15
Statement of Revenues, Expenses and Changes in Fund Net Assets	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	18
Component Units:	
Combining Statement of Net Assets	19
Combining Statement of Activities	20
NOTES TO FINANCIAL STATEMENTS	21-46
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	48-49
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	50

## **SUPPLEMENTARY INFORMATION**

### **COMBINING STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds	
Combining Balance Sheet - Special Revenue and Capital Projects	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue and Capital Projects	53
Fiduciary Funds	
Combining Statement of Assets and Liabilities - Agency Funds	54
Combining Statement of Changes in Assets and Liabilities - Agency Funds	55

### **ADDITIONAL SUPPLEMENTARY INFORMATION**

Independent Auditor's Report on Schedules of Projects Constructed with Special Purpose Local Option Sales Tax	57
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax #2	58
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax #3	59

<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	60-61
---	-------

**WAYNE IVEY BOWEN**  
CERTIFIED PUBLIC ACCOUNTANT  
529 GREEN STREET - P.O. BOX 2335  
GAINESVILLE, GEORGIA 30503

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

(770) 536-9833  
FAX (770) 536-0136

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

January 4, 2010

**Independent Auditor's Report**

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

I 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 as of and for the year ended September 30, 2009 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hart County, Georgia's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Hart County Health Department, a nonmajor component unit, as of and for the year then ended June 30, 2009, which statements reflect total assets of \$166,324 as of June 30, 2009, and total revenues of \$560,400 for the year then ended. These financial statements of the Health Department were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included in the component unit column, is based on the report of the other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provides a reasonable basis for my opinions.

In my opinion, based on my 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, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 4, 2010, on my consideration of the County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's basic financial statements. The combining nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

---

Certified Public Accountant

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Hart County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2009. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes, please read it in conjunction with the County's financial statements.

### Financial Highlights

The total assets of Hart County were \$61,479,372, which exceeded its liabilities of \$1,851,835 at the close of the most recent fiscal year by \$59,627,537.

The government's total net assets decreased by \$1,510,485 from that of the prior year.

As of the close of the 2009 fiscal year, Hart County's governmental funds reported combined ending fund balances of \$7,007,852 a decrease of \$1,082,216 in comparison with the prior year.

With an audited undesignated, unreserved General Fund fund balance in excess of 51% of General Fund expenses at the close of Fiscal Year '08, the Hart County Board of Commissioners budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. This budgeted excess disbursements over revenues were for FY 2009 only, associated primarily with the contract tax assessment revaluation project.

By the end of the 2009 fiscal year, the unreserved fund balance for the General Fund was \$4,414,929 or 46% of total general fund expenditures mirroring a planned excess disbursements over revenues. The County Administrator is recommending a target 25-50% of General Fund balance be maintained for cash flow and emergency needs. The County had made long range plans that were utilizing fund balance for major one time capital expenditures of a new office building for the Sheriff's Office, and an additional office building for the Tax Assessors, Tax Commissioner, Veterans Affairs, Voter Registration and Economic Development offices. In light of contemporary economic conditions, the one time capital project for office space for the Tax Assessors, Tax Commissioner, Veterans Affairs, Voter Registration and Economic Development has been put on hold.

In FY09, the Hart County BOC decided to temporarily shift some General Fund Expenses from the General Fund to the Insurance Premium Tax Fund which has sufficient fund balance carry forward.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide Financial Statements.** The government-wide financial statements provide a broad overview of Hart County finances in a manner similar to that of private-sector businesses. The statements include:

Statement of net assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

Statement of activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Hart 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, and culture and recreation. The business-type activities of Hart County, Georgia are its Solid Waste and Recycling operations.

*Government-wide financial statements.* The government-wide financial statements include not only Hart County, Georgia itself (known as the primary government), but also legally separate component units (Library, Health Department, The Joint Development Authority of Franklin, Hart and Stephens Counties, and the Water & Sewer Authority) for which Hart County, Georgia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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 are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, SPLOST #3, and the Insurance Premium Tax Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts annual appropriated budgets for its general fund, capital projects funds, proprietary fund and special revenue funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with its budget.

*Proprietary funds.* The County maintains one proprietary fund. Proprietary funds are used to account for quasi-business functions where revenues typically come from charges or fees. The County uses a proprietary fund to account for its solid waste operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste operation, which is a major fund of the County.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's schedule of budgetary comparisons and supplementary information regarding combining and individual fund statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net assets may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition. Hart County's assets exceeded liabilities by \$59,492,858 at the close of the fiscal year. The table below shows the split of net assets between governmental and business-type activities.

### HART COUNTY, GEORGIA'S NET ASSETS

September 30, 2009

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Cash and Investments	\$ 5,552	\$ 6,399	\$ 1,436	\$ 1,650	\$ 6,988	\$ 8,049
Other Assets	2,495	2,683	75	35	2,570	2,718
Capital Assets	51,400	51,885	521	558	51,921	52,443
Total Assets	<u>59,447</u>	<u>60,967</u>	<u>2,032</u>	<u>2,243</u>	<u>61,479</u>	<u>63,210</u>
Other Liabilities	849	896	39	65	888	961
Long Term Debt Outstanding	606	733	357	378	963	1,111
Total Liabilities	<u>1,455</u>	<u>1,629</u>	<u>396</u>	<u>443</u>	<u>1,851</u>	<u>2,072</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	50,666	51,031	521	558	51,187	51,589
Unrestricted	7,326	8,307	1,115	1,242	8,441	9,549
Total Net Assets	<u>\$ 57,992</u>	<u>\$ 59,338</u>	<u>\$ 1,636</u>	<u>\$ 1,800</u>	<u>\$ 59,628</u>	<u>\$ 61,138</u>

By far the largest portion of the County's net assets at the end of the fiscal year were invested in capital assets. The more than \$50 million represents the investment in those assets less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt.

**HART COUNTY GEORGIA'S CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2009**

(\$ in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 2,539	\$ 2,432	\$ 759	\$ 898	\$ 3,298	\$ 3,330
Grants and Contributions	451	1,038	15	19	466	1,057
General Revenues						
Taxes	10,297	11,031	-	-	10,297	11,031
Interest	74	258	14	58	88	316
Other	12	76	-	-	12	76
Total Revenues	<u>13,373</u>	<u>14,835</u>	<u>788</u>	<u>975</u>	<u>14,161</u>	<u>15,810</u>
<b>EXPENSES</b>						
Governmental Activities	14,719	14,525	-	-	14,719	14,525
Solid Waste	-	-	992	1,236	992	1,236
Total Expenses	<u>14,719</u>	<u>14,525</u>	<u>992</u>	<u>1,236</u>	<u>15,711</u>	<u>15,761</u>
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Assets	(1,346)	310	(204)	(261)	(1,550)	49
Net Assets, Beginning	59,338	59,028	1,800	2,061	61,138	61,089
Prior Period Adjustment	-	-	40	-	40	-
Net Assets, Ending	<u>\$ 57,992</u>	<u>\$ 59,338</u>	<u>\$ 1,636</u>	<u>\$ 1,800</u>	<u>\$ 59,628</u>	<u>\$ 61,138</u>

Total government-wide revenue for Fiscal Year 2009 was \$14.2 million with \$10.3 million in taxes, \$.5 million in grants and contributions, \$.1 million in investment earnings and \$3.3 million in charges for services.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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 County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

Governmental revenues were down from Fiscal Year 2008. Taxes decreased approximately \$0.8 million as well as investment earnings with the bulk of the decrease in governmental revenue primarily due to an decrease in revenue from sales taxes. In response to decreased sales tax revenues the Hart County Board of Commissioners focused on more "payment for services" fees where possible. In Fiscal Year '09, for the seventh year in a row, the Hart County Board of Commissioners lowered the unincorporated property tax millage rate in anticipation of a county wide property revaluation that is expected to be completed in FY10. With persistent high unemployment in Hart County a low millage rate has been a strong economic development tool that has helped in recruiting new economic development.

Property tax revenues consisted of over \$4.8 million, while sales tax revenues also exceeded \$4.5 million in the governmental funds. Sales taxes are a key revenue source that the Hart County Board of Commissioners utilizes to keep property taxes low however these taxes are susceptible to the overall economic conditions. The Hart County unincorporated tax millage rate is one of the lowest rates in the State of Georgia. However, the County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues. The final quarter of FY08 signaled a significant decrease in sales tax revenues which was probably due to several factors including contemporary economic conditions and a severe drought which has significantly impacted the use of Lake Hartwell by tourists.

Expenditures in the governmental funds were \$14.5 million of which \$4.9 million was for public safety. The general fund expenditures per capita in Hart County are the lowest rate of expenditure per capita in comparison with 10 surrounding Georgia Counties.

*Proprietary fund.* The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Revenues in business type activities (Solid Waste Fund) was almost \$.8 million which was about a \$100,000 decrease from the previous year.

Expenses in business-type activities (Solid Waste Fund) was approximately \$1 million in FY 2009.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Hart County's Government-wide investment in capital assets at September 30, 2009 was \$51.9 million, net of \$23.2 million in accumulated depreciation. The investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities, infrastructure and vehicles, is covered in Note 6.

Major capital asset additions in 2009 consisted of approximately \$2 million, all of which were recorded by the governmental activities. The additions were composed of machinery and equipment of approximately \$173,000, infrastructure of almost \$1 million, and additional construction in progress of approximately \$670,000.

Long-term debt of the primary government decreased by approximately a net of \$115,000 during Fiscal Year 2009. Additional information on the County's debt is contained in Note 7.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget, the final budget and actual results of the General Fund are shown on the Budgetary Comparison Schedule.

## **REQUEST FOR INFORMATION**

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

**HART COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended September 30, 2009

**Basic Financial Statements**

**HART COUNTY, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2009**

ASSETS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
Cash and Cash Equivalents	\$ 5,552,210	\$ 1,436,015	\$ 6,988,225	\$ 1,145,836
Receivables(Net of Allowance for Uncollectibles)	1,577,201	39,786	1,616,987	144,501
Intergovernmental Receivables	274,362	-	274,362	-
Inventory	144,756	34,733	179,489	165
Prepaid Items	134,679	-	134,679	4,474
Restricted cash	3,109	-	3,109	296,020
Note Receivables	360,919	-	360,919	-
Capital Assets:				
Land and Improvements	1,911,304	-	1,911,304	4,299,536
Buildings	8,050,554	128,430	8,178,984	-
Water and Sewer Lines	-	-	-	9,284,585
Construction in Progress	1,063,993	-	1,063,993	271,755
Machinery, Equipment and Other	4,809,805	617,287	5,427,092	366,462
Vehicles	3,565,342	142,562	3,707,904	-
Infrastructure	53,163,598	-	53,163,598	-
Books and Collections	-	-	-	832,917
Recreational Upgrades	1,672,988	-	1,672,988	-
Less Accumulated Depreciation	(22,837,431)	(366,830)	(23,204,261)	(2,006,212)
Capital Assets, Net of Depreciation	51,400,153	521,449	51,921,602	13,049,043
Total Assets	59,447,389	2,031,983	61,479,372	14,640,039
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	197,642	350	197,992	43,912
Other Accrued Items	126,288	5,242	131,530	1,177
Intergovernmental Payables	32,319	-	32,319	-
Customer Deposits	14,938	-	14,938	43,235
Compensated Absences	350,837	11,946	362,783	19,000
Capital Lease Payable - Current	127,660	-	127,660	-
Notes Payable - Current	-	-	-	67,600
Landfill Closure/Postclosure	-	21,028	21,028	-
Noncurrent Liabilities:				
Capital Lease Payable (Net of Current Portion)	606,103	-	606,103	-
Compensated Absences (Net of Current Portion)	-	-	-	14,724
Notes Payable (Net of Current Portion)	-	-	-	551,531
Landfill Closure/Postclosure (Net of Current Portion)	-	357,482	357,482	-
Total Liabilities	1,455,787	396,048	1,851,835	741,179
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	50,666,390	521,449	51,187,839	12,415,499
Restricted for:				
Capital Projects	-	-	-	275,446
Debt Service	-	-	-	20,574
Unrestricted	7,325,212	1,114,486	8,439,698	1,187,341
Total Net Assets	\$ 57,991,602	\$ 1,635,935	\$ 59,627,537	\$ 13,898,860

**HART COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2009**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES						NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS
	EXPENSES	OPERATING		CAPITAL		GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT		TOTAL	
		CHARGES FOR SERVICES	CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES		ACTIVITIES	ACTIVITIES		
<b>PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES</b>										
General Government	\$ 2,324,863	\$ 179,300	\$ 64,344	\$ -	\$ (2,081,219)	\$ -	\$ (2,081,219)	\$ -	\$ (2,081,219)	
Judicial	1,020,552	634,077	-	-	(386,475)	-	(386,475)	-	(386,475)	
Public Health and Welfare	434,879	188,898	30,244	-	(215,737)	-	(215,737)	-	(215,737)	
Public Safety	5,282,106	1,496,126	35,254	71,789	(3,678,937)	-	(3,678,937)	-	(3,678,937)	
Public Works	4,421,819	-	64,072	181,835	(4,175,912)	-	(4,175,912)	-	(4,175,912)	
Recreation and Culture	392,269	33,271	2,979	-	(356,019)	-	(356,019)	-	(356,019)	
Housing and Development	286,663	7,271	-	-	(279,392)	-	(279,392)	-	(279,392)	
Intergovernmental	512,829	-	-	-	(512,829)	-	(512,829)	-	(512,829)	
Interest and Paying Agent Fees	43,352	-	-	-	(43,352)	-	(43,352)	-	(43,352)	
Total Governmental Activities	<u>14,719,332</u>	<u>2,538,943</u>	<u>196,893</u>	<u>253,624</u>	<u>(11,729,872)</u>	<u>-</u>	<u>(11,729,872)</u>	<u>-</u>	<u>(11,729,872)</u>	
<b>BUSINESS-TYPE ACTIVITIES</b>										
Solid Waste	992,543	758,800	15,604	-	-	(218,139)	(218,139)	-	(218,139)	
Total Primary Government	<u>\$ 15,711,875</u>	<u>\$ 3,297,743</u>	<u>\$ 212,497</u>	<u>\$ 253,624</u>	<u>\$ (11,729,872)</u>	<u>(218,139)</u>	<u>(218,139)</u>	<u>(11,948,011)</u>		
<b>COMPONENT UNITS</b>	<u>\$ 1,563,039</u>	<u>\$ 991,127</u>	<u>\$ 616,676</u>	<u>\$ 1,283,466</u>				<u>\$ 1,328,230</u>		
<b>GENERAL REVENUES</b>										
Property Taxes					4,825,671	-	4,825,671	-	4,825,671	-
Sales Taxes					4,500,151	-	4,500,151	-	4,500,151	-
Other Taxes					909,762	-	909,762	-	909,762	-
Alcoholic Beverage Taxes					61,663	-	61,663	-	61,663	-
Investment Earnings					73,840	14,115	87,955	18,241	87,955	18,241
Miscellaneous					12,209	-	12,209	(1,570)	12,209	(1,570)
Total General Revenues					<u>10,383,296</u>	<u>14,115</u>	<u>10,397,411</u>	<u>16,671</u>	<u>10,397,411</u>	<u>16,671</u>
<b>CHANGE IN NET ASSETS</b>					<u>(1,346,576)</u>	<u>(204,024)</u>	<u>(1,550,600)</u>		<u>(1,550,600)</u>	<u>1,344,901</u>
<b>NET ASSETS, Beginning</b>					<u>59,338,178</u>	<u>1,799,844</u>	<u>61,138,022</u>		<u>61,138,022</u>	<u>12,362,382</u>
<b>Prior Period Adjustment</b>					<u>-</u>	<u>40,115</u>	<u>40,115</u>		<u>40,115</u>	<u>191,577</u>
<b>NET ASSETS, Ending</b>					<u>\$ 57,991,602</u>	<u>\$ 1,635,935</u>	<u>\$ 59,627,537</u>		<u>\$ 59,627,537</u>	<u>\$ 13,898,860</u>

Accompanying notes to financial statements are an integral part of this statement

**HART COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2009**

	<b>GENERAL</b>	<b>SPLOST#3</b>	<b>INSURANCE PREMIUM TAX</b>	<b>OTHER NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,214,014	\$ 942,328	\$ 1,335,446	\$ 1,060,422	\$ 5,552,210
Inventory	65,407	79,349	-	-	144,756
Receivables (Net of Allowance for Uncollectibles)	1,488,750	-	-	88,451	1,577,201
Intergovernmental Receivables	49,926	224,436	-	-	274,362
Due from other Funds	1,000,000	-	-	145,000	1,145,000
Prepaid Items	134,679	-	-	-	134,679
Restricted Cash	3,109	-	-	-	3,109
<b>TOTAL ASSETS</b>	<b><u>\$ 4,955,885</u></b>	<b><u>\$ 1,246,113</u></b>	<b><u>\$ 1,335,446</u></b>	<b><u>\$ 1,293,873</u></b>	<b><u>\$ 8,831,317</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 98,268	\$ 89,002	\$ 3,828	\$ 6,544	\$ 197,642
Other Accrued Items	120,472	-	2,101	3,715	126,288
Intergovernmental Payable	-	32,319	-	-	32,319
Due to other Funds	-	1,000,000	-	145,000	1,145,000
Customer Deposits	14,938	-	-	-	14,938
Deferred Revenue	307,278	-	-	-	307,278
<b>TOTAL LIABILITIES</b>	<b><u>540,956</u></b>	<b><u>1,121,321</u></b>	<b><u>5,929</u></b>	<b><u>155,259</u></b>	<b><u>1,823,465</u></b>
<b>FUND BALANCES</b>					
Unreserved, Undesignated, Reported in					
General Fund	4,414,929	-	-	-	4,414,929
Special Revenue Funds	-	-	1,329,517	808,070	2,137,587
Capital Projects Funds	-	124,792	-	330,544	455,336
<b>TOTAL FUND BALANCES</b>	<b><u>4,414,929</u></b>	<b><u>124,792</u></b>	<b><u>1,329,517</u></b>	<b><u>1,138,614</u></b>	<b><u>7,007,852</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,955,885</u></b>	<b><u>\$ 1,246,113</u></b>	<b><u>\$ 1,335,446</u></b>	<b><u>\$ 1,293,873</u></b>	<b><u>\$ 8,831,317</u></b>

Accompanying notes to financial statements are an integral part of this statement

**Hart County, Georgia**  
**Reconciliation of Governmental Funds Balance Sheet**  
**To the Statement of Net Assets**  
**September 30, 2009**

**Total Governmental Fund Balance** **\$ 7,007,852**

Amounts Reported for Governmental Activities in the **Statement of Net Assets** differs from the amount reported on the **Balance Sheet** for the Governmental Funds because:

Certain long-term assets are not reported in the fund financial statement because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net assets.

Note Receivable	\$ 365,707	
Less 60-Day Collections Reported as a Receivable at the Fund Level	<u>(4,788)</u>	360,919

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

Land and Improvements	1,911,304	
Buildings	8,050,554	
Construction in Progress	1,063,993	
Machinery, Equipment and Other	4,809,805	
Vehicles	3,565,342	
Infrastructure	53,163,598	
Recreational Upgrades	1,672,988	
Accumulated Depreciation	<u>(22,837,431)</u>	
Total Capital Assets		51,400,153

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

Property Taxes		307,278
----------------	--	---------

Interfund receivables and payable between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:

Interfund Receivables	(1,145,000)	
Interfund Payables	<u>1,145,000</u>	-

Some Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital Leases	(733,763)	
Compensated Absences	<u>(350,837)</u>	
Total Capital Leases and Compensated Absences		<u>(1,084,600)</u>

**Net Assets of Governmental Activities** **\$ 57,991,602**

**HART COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2009

	<b>GENERAL</b>	<b>SPLOST#3</b>	<b>INSURANCE PREMIUM TAX</b>	<b>OTHER NONMAJOR FUNDS</b>	<b>TOTAL</b>
<b>REVENUES</b>					
Taxes	\$ 6,608,984	\$ 2,574,714	\$ 883,118	-	\$ 10,066,816
Licenses and Permits	68,301	-	-	-	68,301
Intergovernmental	376,606	181,835	49,898	29,340	637,679
Fines and Forfeitures	489,186	-	-	126,843	616,029
Charges for Services	1,067,723	-	-	591,645	1,659,368
Investment Earnings	28,214	7,337	16,321	21,968	73,840
Contributions and Donations	1,993	-	10,910	-	12,903
Miscellaneous	211,411	-	-	45,517	256,928
<b>TOTAL REVENUES</b>	<b>8,852,418</b>	<b>2,763,886</b>	<b>960,247</b>	<b>815,313</b>	<b>13,391,864</b>
<b>EXPENDITURES</b>					
Current Expenditures					
General Government	2,908,853	-	21,929	-	2,930,782
Judicial	1,007,658	-	-	6,334	1,013,992
Public Safety	4,050,338	-	378,222	488,909	4,917,469
Public Works	736,590	-	538,270	-	1,274,860
Health and Welfare	298,725	-	-	184,843	483,568
Recreation and Culture	335,781	-	-	-	335,781
Housing and Development	191,995	-	-	236,485	428,480
Intergovernmental	-	456,248	-	56,581	512,829
Capital Outlay	-	2,396,271	-	16,471	2,412,742
Debt Service					
Principal	-	-	-	120,225	120,225
Interest and Paying Agent Fees	-	-	-	43,352	43,352
<b>TOTAL EXPENDITURES</b>	<b>9,529,940</b>	<b>2,852,519</b>	<b>938,421</b>	<b>1,153,200</b>	<b>14,474,080</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(677,522)</b>	<b>(88,633)</b>	<b>21,826</b>	<b>(337,887)</b>	<b>(1,082,216)</b>
<b>FUND BALANCES, Beginning of Year</b>	<b>5,092,451</b>	<b>213,425</b>	<b>1,307,691</b>	<b>1,476,501</b>	<b>8,090,068</b>
<b>FUND BALANCES, End of Year</b>	<b>\$ 4,414,929</b>	<b>\$ 124,792</b>	<b>\$ 1,329,517</b>	<b>\$ 1,138,614</b>	<b>\$ 7,007,852</b>

Accompanying notes to financial statements are an integral part of this statement

**Hart County, Georgia**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of the Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2009**

**Net Change in Fund Balances - Total Governmental Funds:** **\$ (1,082,216)**

Amounts reported for governmental activities on the *Statement of Activities* are different from the amounts reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance* because:

The book value of capital asset dispositions are reported on the statement of activities but not reported in the governmental funds. (126,874)

The 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. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for Capital Assets	\$ 1,944,150	
Less Current Year Depreciation	<u>(2,302,527)</u>	
Excess of capital outlay over depreciation expense		(358,377)

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 assets. This is the amount of debt reduction during the year.

Loan Repayments		120,225
-----------------	--	---------

Disbursements for contractual obligations (note receivables) are an expenditure in the funds and proceeds from contractual obligations are recorded as revenue in the funds, but neither have an effect on net assets.

Note Receivable	145,000	
Payments Received	<u>(49,472)</u>	95,528

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 @ 9/30/09	(350,837)	
Liability @ 9/30/08	<u>325,611</u>	(25,226)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Deferred Revenue at 9/30/09	307,278	
Deferred Revenue at 9/30/08	<u>(276,914)</u>	
Total Decrease in Deferred Revenue		<u>30,364</u>

**Change in Net Assets of Governmental Activities** **\$ (1,346,576)**

**HART COUNTY, GEORGIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
September 30, 2009**

	<b>SOLID WASTE</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,436,015
Receivables(net of allowance for uncollectibles)	39,786
Inventory	34,733
Total Current Assets	1,510,534
Noncurrent Assets:	
Capital Assets:	
Vehicles	142,562
Machinery, Equipment and Other	617,287
Buildings	128,430
Less: Accumulated Depreciation	(366,830)
Total Capital Assets (Net of Accumulated Depreciation)	521,449
<b>TOTAL ASSETS</b>	<b>2,031,983</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	350
Other Accrued Items	5,242
Compensated Absences	11,946
Landfill Closure and Post Closure	21,028
Total Current Liabilities	38,566
Non-Current Liabilities:	
Landfill Closure and Post Closure (Net of Current Portion)	357,482
Total Liabilities	396,048
<b>NET ASSETS</b>	
Invested in Capital Assets	521,449
Unrestricted	1,114,486
<b>TOTAL NET ASSETS</b>	<b>\$ 1,635,935</b>

**HART COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended September 30, 2009**

	<b>SOLID WASTE</b>
OPERATING REVENUES	
Intergovernmental	\$ 15,604
Charges for Services - Refuse Collection	758,800
TOTAL OPERATING REVENUES	774,404
OPERATING EXPENSES	
Personnel Services	386,572
Professional Services	27,809
Purchased Property Services	4,835
Other Purchased Services	483,770
Supplies and Other	52,855
Depreciation	36,702
TOTAL OPERATING EXPENSES	992,543
OPERATING INCOME (LOSS)	(218,139)
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	14,115
CHANGE IN NET ASSETS	(204,024)
TOTAL NET ASSETS, Beginning of Year	1,799,844
Prior Period Adjustment	40,115
TOTAL NET ASSETS, End of Year	\$ 1,635,935

**HART COUNTY, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended September 30, 2009**

	<b>SOLID WASTE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 759,129
Cash Receipts from Other Operating Sources	15,604
Payments to Vendors and Other Suppliers	(600,191)
Payments to Employees	(382,089)
Net Cash Used by Operating Activities	(207,547)
 <b>CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Decrease in Landfill Closure and Post Closure	(21,028)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment Earnings	14,115
Net Decrease in Cash and Cash Equivalents	(214,460)
CASH, Beginning of Year	1,650,475
CASH, End of Year	\$ 1,436,015
 <b>Reconciliation of Operating Loss to Net Cash Flows Used by Operating Activities</b>	
Operating Loss	\$ (218,139)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:	
Depreciation Expense	36,702
Change In Assets and Liabilities:	
Accounts Receivable	329
Inventory	(162)
Accounts Payable	(30,760)
Compensated Absences	954
Accrued Expenses	3,529
Net Cash Used by Operating Activities	\$ (207,547)

**HART COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS & LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**September 30, 2009**

	<b>Agency Funds Total</b>
<b>ASSETS</b>	
Cash	\$ 614,393
Taxes Receivable	1,511,921
TOTAL ASSETS	\$ 2,126,314
 <b>LIABILITIES</b>	
Due to Others	\$ 2,126,314
TOTAL LIABILITIES	\$ 2,126,314

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**September 30, 2009**

	<u>Library</u>	<u>Health Department</u>	<u>Water &amp; Sewer Authority</u>	<u>The Joint Development Authority of Franklin, Hart &amp; Stephens</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 19,938	\$ 160,287	\$ 908,836	\$ 56,775	\$ 1,145,836
Receivables(Net of Allowance for Uncollectibles)	-	6,037	138,464	-	144,501
Prepaid Items	-	-	4,474	-	4,474
Inventory	-	-	165	-	165
Restricted Cash	-	-	-	296,020	296,020
Capital Assets:					
Land and Improvements	-	-	-	4,299,536	4,299,536
Water and Sewer Lines	-	-	9,284,585	-	9,284,585
Machinery, Equipment, and Other	170,578	30,479	165,405	-	366,462
Books and Collections	832,917	-	-	-	832,917
Construction in Progress	-	-	258,211	13,544	271,755
Less Accumulated Depreciation	(441,889)	(30,479)	(1,271,779)	(262,065)	(2,006,212)
Capital Assets, Net of Depreciation	<u>561,606</u>	<u>-</u>	<u>8,436,422</u>	<u>4,051,015</u>	<u>13,049,043</u>
<i>Total Assets</i>	<u>581,544</u>	<u>166,324</u>	<u>9,488,361</u>	<u>4,403,810</u>	<u>14,640,039</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	365	1,309	27,825	14,413	43,912
Notes Payable	-	-	11,790	55,810	67,600
Customer Deposits	-	-	43,235	-	43,235
Other Accrued Items	-	-	1,177	-	1,177
Compensated Absences	-	19,000	-	-	19,000
<b>Non-Current Liabilities</b>					
Notes Payable	-	-	49,582	501,949	551,531
Compensated Absences	-	14,724	-	-	14,724
<i>Total Liabilities</i>	<u>365</u>	<u>35,033</u>	<u>133,609</u>	<u>572,172</u>	<u>741,179</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	561,606	-	8,375,050	3,478,843	12,415,499
Restricted for:					
Capital Projects	-	-	-	275,446	275,446
Debt Service	-	-	-	20,574	20,574
Unrestricted	19,573	131,291	979,702	56,775	1,187,341
<i>Total Net Assets</i>	<u>\$ 581,179</u>	<u>\$ 131,291</u>	<u>\$9,354,752</u>	<u>\$3,831,638</u>	<u>\$ 13,898,860</u>

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Year Ended September 30, 2009**

	<b>Library</b>	<b>Health Department</b>	<b>Water &amp; Sewer Authority</b>	<b>The Joint Development Authority of Franklin, Hart &amp; Stephens</b>	<b>Total</b>
<b>EXPENSES</b>					
Public Health and Welfare	\$ -	\$ 514,056	\$ -	\$ -	\$ 514,056
Public Works	-	-	580,730	-	580,730
Recreation and Culture	329,313	-	-	-	329,313
Housing and Development	-	-	-	138,940	138,940
<b>TOTAL EXPENSES</b>	<b>329,313</b>	<b>514,056</b>	<b>580,730</b>	<b>138,940</b>	<b>1,563,039</b>
<b>PROGRAM REVENUES</b>					
Charges for Services	7,913	236,928	746,286	-	991,127
Operating Grants and Contributions	277,863	301,313	-	37,500	616,676
Capital Grants and Contributions	39,154	-	1,217,268	27,044	1,283,466
<b>TOTAL PROGRAM REVENUES</b>	<b>324,930</b>	<b>538,241</b>	<b>1,963,554</b>	<b>64,544</b>	<b>2,891,269</b>
<b>NET (EXPENSE) REVENUE</b>	<b>(4,383)</b>	<b>24,185</b>	<b>1,382,824</b>	<b>(74,396)</b>	<b>1,328,230</b>
<b>GENERAL REVENUES</b>					
Investment Earnings	315	-	14,173	3,753	18,241
Miscellaneous and Other	244	22,159	(1,372)	(22,601)	(1,570)
<b>TOTAL GENERAL REVENUES</b>	<b>559</b>	<b>22,159</b>	<b>12,801</b>	<b>(18,848)</b>	<b>16,671</b>
<b>CHANGE IN NET ASSETS</b>	<b>(3,824)</b>	<b>46,344</b>	<b>1,395,625</b>	<b>(93,244)</b>	<b>1,344,901</b>
<b>NET ASSETS, Beginning</b>	<b>585,003</b>	<b>83,621</b>	<b>7,683,089</b>	<b>4,010,669</b>	<b>12,362,382</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>1,326</b>	<b>276,038</b>	<b>(85,787)</b>	<b>191,577</b>
<b>NET ASSETS, Ending</b>	<b>\$ 581,179</b>	<b>\$ 131,291</b>	<b>\$9,354,752</b>	<b>\$3,831,638</b>	<b>\$ 13,898,860</b>

Accompanying notes to financial statements are an integral part of this statement

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Hart County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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 government's accounting policies are described below.

**(A) REPORTING ENTITY**

Hart County, Georgia (the County) is a entity governed by a five member commission who serve on a part-time basis and are elected to staggered four-year terms. The commission appoints an 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 county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers.

As required by generally accepted accounting principles, these financial statements present the government and its component units. Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government. The following entities are component units of Hart County:

**Hart County Library**

The Hart County 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 7 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 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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Hart County Health Department**

Hart County Health Department is constituted and operated in accordance with the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Hart County Health Department and is responsible for the overall coordination of the local health activities. Hart County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operates under the supervision of the local Board of Health.

**Hart County Water and Sewer Utility Authority**

The Hart County Water and Sewer Utility Authority was created by House Bill No. 2141 of the Georgia Assembly on March 30, 1993. However, the Authority did not become active until fiscal year ended September 30, 2001. The Authority is governed by a five member Board appointed by the County Board of Commissioners for four year terms. The Authority is the basic level of government which has oversight responsibility and control over all activities related to water and sewerage systems in Hart County. The Authority receives most of its operating revenues from sales of water service and connection fees. The Authority pays for capital outlay (water lines) with money it receives from Hart County Special Purpose Local Option Sales Tax and other governmental grants. The Authority is also included as a component unit within the Hart County governmental "reporting entity" as defined by GASB pronouncement 14, because the Hart County Board of Commissioners appoints all members of the Authority's board and can, therefore, impose its will upon the Authority.

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

The Authority is a public body corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. It 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 the Authority 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.

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Complete financial statements of the above component units may be obtained from the administrative offices at the following locations:

HART COUNTY LIBRARY  
150 Benson Street  
Hartwell, Georgia 30643  
(June 30, 2009 year end)

HART COUNTY HEALTH DEPARTMENT  
64 Reynolds Street  
Hartwell, Georgia 30643  
(June 30, 2009 year end)

HART COUNTY WATER AND SEWER UTILITY AUTHORITY  
200 Arthur Street  
Hartwell, Georgia 30643  
(September 30, 2009 year end)

THE JOINT DEVELOPMENT AUTHORITY OF FRANKLIN, HART AND STEPHENS COUNTIES  
P.O. Box 793  
Hartwell, Georgia 30643  
(June 30, 2009 year end)

**(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year end.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of 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 eligibility requirements imposed by the provider have been met.

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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal period for which they are levied. 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 are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST Capital Projects Fund #3* 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.

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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government reports the following major proprietary funds:

The *Solid Waste Disposal Facility Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

Additionally, the government reports the following fund types:

The *Agency Funds* are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. If they conflict, GASB prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from general revenues of the County.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 for the proprietary fund are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Basis of Accounting**

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

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Revenues - Non-exchange Transactions* - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, franchise tax, charges for services, interest and federal and state grants.

Deferred and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Sales taxes collected by the State of Georgia, Department of Revenue, for the September sales are reported as revenue at year-end. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

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

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**1. Deposits and Investments**

Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states
2. Obligations of the United States Government
3. Obligations fully insured or guaranteed by the government or governmental agency
4. Obligations of any corporation of the government
5. Prime bankers' acceptances
6. The State of Georgia local government investment pool (i.e., Georgia Fund I)
7. Repurchase agreements
8. Obligations of other political subdivisions of the State of Georgia

Any bank deposit in excess of the total FDIC insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

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

For the purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered to be cash equivalents include: Treasury bills, certificates of deposit, money market funds, and cash management pools.

**2. Receivables and Payables**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between the governmental activities and business-type activities, which are classified and presented as "internal balances."

All trade and property tax receivables are shown net of an allowance of uncollectibles. Trade accounts receivable has no recorded allowance for doubtful accounts as bad debts are written off directly against receivables.

Property taxes attach as an enforceable lien on property as of March 21, 2009. The taxes for the 2008 digest year were billed on October 10, 2008 and had a due date of December 20, 2008. Interest of 1% per month is assessed on taxes not paid by December 21, 2008. A penalty of 10% is assessed on taxes not paid within 90 days of this date. Property taxes became past due on December 21, 2008.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Inventories and Prepaid Items**

On the government-wide financial statements and on the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when purchased.

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.

**4. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the proprietary funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars and an estimated useful life in excess of one year. The County's infrastructure consists of roads, bridges and water and sewer lines. Infrastructure's capitalization threshold is fifty thousand dollars. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary fund is capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	30-80
Machinery, Equipment and Other	5-30
Vehicles	10-30
Books and Collections	4-17
Infrastructure	30-50
Recreational Upgrades	50
Water Lines	15-50
Improvements	20-80

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Accrued Personal and Sick Leave**

It is the government's policy to permit employees to accumulate earned but unused personal and sick pay benefits. The liability for accumulated unpaid benefits have been accrued in the proprietary funds and the government-wide statements of net assets as compensated absences. These amounts are not considered a current liability within the governmental fund types balance sheets since they will be paid from appropriations of subsequent years.

**6. Lease**

In the government-wide financial statements, lease debt, long-term debt and other long-term obligations are reported as a liability in the applicable governmental activities or proprietary fund type statement of net assets.

**7. 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 assets."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations, if any, of fund balance represent tentative management plans that are subject to change.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

**8. Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**(A) BUDGETARY INFORMATION**

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Project length budgets are adopted for the Capital Projects Funds and are then budgeted based on fiscal year expenditures. An annual operating budget is prepared for the proprietary fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are formally integrated into the proprietary fund's general ledger.

The County follows these 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 appropriation to the government's administrator so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Then the proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners hold 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 government's administrator or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

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 Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department level within individual funds.

During the year the Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

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

**(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS (GENERAL FUND)**

Excesses are considered to be material if they are both greater than \$10,000 and over 3 percent of the department level budget (the legal level of control). Material excesses of expenditures over appropriations of the department level are presented below:

<u>DEPARTMENT</u>	<u>EXPENDITURES</u>	<u>BUDGETED</u>	<u>EXCESS</u>
-------------------	---------------------	-----------------	---------------

There were no departments that overspent their budget during FY '09.

**NOTE 3 - FINANCIAL ASSISTANCE TO COMPONENT UNITS**

Hart County Primary Government contributed the following funds to component units:

<u>Component Unit</u>	<u>Amount of Assistance</u>
Hart County Library	\$ 81,000
Hart County Health Department	73,288
Hart County Water and Sewer Authority	1,217,268
The Joint Development Authority of Franklin, Hart and Stephens Counties	<u>78,150</u>
Total Financial Assistance to Component Units	<u><u>\$ 1,449,706</u></u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 4- DEPOSITS**

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.

The County's deposits are classified as follows at September 30, 2009:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Primary Government	\$1,560,273	\$ 6,681,464	\$ -	\$ 8,241,737	\$ 7,605,727
Component Units					
Hart Co. Library	7,047	17,600	-	24,647	19,938
Hart Co. Health Dept.	172,300	-	-	172,300	160,287
Hart Co. Water & Sewer Utility	295,088	616,504	-	911,592	908,836
The Joint Development Auth. Of Franklin, Hart & Stephens Counties	327,416	25,446	-	352,862	352,795
Total Component Units	801,851	659,550	-	1,461,401	1,441,856
Total	<u>\$2,362,124</u>	<u>\$ 7,341,014</u>	<u>\$ -</u>	<u>\$ 9,703,138</u>	<u>\$ 9,047,583</u>

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level:	
Governmental Funds - Balance Sheet	\$ 5,552,210
Governmental Funds - Balance Sheet (Restricted)	3,109
Proprietary Fund Type - Statement of Net Assets	1,436,015
Statement of Fiduciary Assets and Liabilities	<u>614,393</u>
Total	<u>\$ 7,605,727</u>

**HART COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 4- DEPOSITS (CONTINUED)**

**Credit Risk**

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the United States 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. As of September 30, 2009, the investments in the Georgia Fund 1 was rated AAAM by Standard & Poor's.

Of the \$7,605,727 carrying amount of cash and cash equivalents for the Primary Government, \$6,658,135 is invested in the Local Government Investment Pool "Georgia Fund 1".

Georgia Fund 1 was created by OCGA 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 Treasury and Fiscal Services. 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 (\$1.00 per share value). 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 \$1.00 per share. Total investments in Georgia Fund 1 as of September 30, 2009 are:

Georgia Fund I	AAAM rated	<u>\$ 6,658,135</u>	40 day WAM
----------------	------------	---------------------	------------

**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. At September 30, 2009, all deposits of the County were adequately insured or collateralized.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 5 - RECEIVABLES**

Receivables are recorded on 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 collectibility.

Receivables as of year end for the County's individual major funds and nonmajor governmental funds are as follows:

	<b>General Fund</b>	<b>SPLOST #3</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receivables:</b>				
<b>Property Taxes</b>	\$ 367,777	\$ -	\$ -	\$ 367,777
<b>Accounts</b>	2,115,569	-	88,451	2,204,020
<b>Intergovernmental</b>	49,926	224,437	-	274,363
<b>Total Gross Receivables</b>	<u>2,533,272</u>	<u>224,437</u>	<u>88,451</u>	<u>2,846,160</u>
<b>Less: Allowance for Uncollectibles</b>	(994,596)	-	-	(994,596)
<b>Total Net Receivables</b>	<u>\$ 1,538,676</u>	<u>\$ 224,437</u>	<u>\$ 88,451</u>	<u>\$ 1,851,564</u>
 <b>Note Receivable</b>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 365,707</u>	 <u>\$ 365,707</u>

During Fiscal Year 2005, the County received an Employment Incentive Grant of \$295,176. They in turn issued a long-term note to Quality Industries, LLC in the amount of \$283,176 at a 3% interest rate per annum. The note is payable in equal consecutive installments of \$2,371.53. As of September 30, 2009 the remaining balance of the note is \$180,697 with a current amount of \$24,332.

During Fiscal Year 2006, the County received another Employment Incentive Grant in the amount of \$92,675. The corresponding long-term note was issued to Quality Industries, LLC for \$89,300 at a 3% interest rate per annum. The monthly installments are \$1,179.75 with a remaining balance of \$50,409 as of September 30, 2009. The current portion due is \$13,360.

The original Employment Incentive Programs dictated that proceeds from repayment of the loans above be used as a Revolving Loan Fund and loaned out to further assist employers in the area. During Fiscal Year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note has an original principal balance of \$145,000 together with interest of 3% per annum. The note is payable in equal consecutive installments of \$1,400.13 per month over (120) months with the first payment due in December 2008. As of September 30, 2009, the remaining balance of the note is \$134,601 with a current amount due of \$12,943.

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

	<b>Library</b>	<b>Health Department</b>	<b>Water &amp; Sewer Utility Authority</b>	<b>The Joint Dev. Authority of Franklin, Hart &amp; Stephens</b>	<b>Total</b>
<b>Accounts Receivable</b>	<u>\$ -</u>	<u>\$ 6,037</u>	<u>\$ 138,464</u>	<u>\$ -</u>	<u>\$ 144,501</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
<b>Non-Depreciable Assets:</b>				
Land and Improvements	\$ 1,895,336	\$ 15,968	\$ -	\$ 1,911,304
Construction in Progress	395,085	668,908	-	1,063,993
Total Non-depreciable Capital Assets	<u>2,290,421</u>	<u>684,876</u>	<u>-</u>	<u>2,975,297</u>
<b>Depreciable Assets:</b>				
Buildings	7,940,313	110,241	-	8,050,554
Machinery, Equipment and Other	4,660,818	172,832	(23,845)	4,809,805
Vehicles	3,852,796	-	(287,454)	3,565,342
Infrastructure	52,215,127	948,471	-	53,163,598
Recreational Upgrades	1,645,259	27,729	-	1,672,988
Total Depreciable Capital Assets	<u>70,314,313</u>	<u>1,259,273</u>	<u>(311,299)</u>	<u>71,262,287</u>
Less Accumulated Depreciation				
Buildings	(1,659,221)	(114,294)	-	(1,773,515)
Machinery, Equipment and Other	(1,207,756)	(266,702)	19,398	(1,455,060)
Vehicles	(1,187,365)	(190,758)	165,027	(1,213,096)
Infrastructure	(16,604,888)	(1,697,591)	-	(18,302,479)
Recreational Upgrades	(60,099)	(33,182)	-	(93,281)
Total Accumulated Depreciation	<u>(20,719,329)</u>	<u>(2,302,527)</u>	<u>184,425</u>	<u>(22,837,431)</u>
Total Depreciable Capital Assets, Net	<u>49,594,984</u>	<u>(1,043,254)</u>	<u>(126,874)</u>	<u>48,424,856</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$51,885,405</u>	<u>\$ (358,378)</u>	<u>\$ (126,874)</u>	<u>\$51,400,153</u>
<b>Business-type Activities:</b>				
<b>Depreciable Assets:</b>				
Buildings	\$ 128,430	\$ -	\$ -	\$ 128,430
Machinery, Equipment and Other	617,287	-	-	617,287
Vehicles	142,562	-	-	142,562
Total Depreciable Capital Assets	<u>888,279</u>	<u>-</u>	<u>-</u>	<u>888,279</u>
Less Accumulated Depreciation				
Buildings	(4,630)	(4,191)	-	(8,821)
Machinery, Equipment and Other	(258,207)	(26,246)	-	(284,453)
Vehicles	(67,291)	(6,265)	-	(73,556)
Total Accumulated Depreciation	<u>(330,128)</u>	<u>(36,702)</u>	<u>-</u>	<u>(366,830)</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 558,151</u>	<u>\$ (36,702)</u>	<u>\$ -</u>	<u>\$ 521,449</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General Government	\$ 121,616
Housing & Development	1,902
Judicial	6,422
Public Health and Welfare	4,301
Public Safety	297,563
Public Works	1,810,653
Recreation and Culture	60,070
Total Depreciation expense-governmental activities	<u>\$ 2,302,527</u>
Business-type Activities:	
Solid Waste	<u>\$ 36,702</u>

**Discretely Presented Component Units:**

**Health Department**

Activity for the Health Department for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, Equipment and Other	\$ 30,479	\$ -	\$ -	\$ 30,479
Less Accumulated Depreciation	(30,479)	-	-	(30,479)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Library**

Activity for the Library for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, Equipment and Other	\$ 167,478	\$ 3,100	\$ -	\$ 170,578
Books and Collections	788,843	44,074	-	832,917
Less Accumulated Depreciation				
Machinery, Equipment and Other	(109,302)	(6,494)	-	(115,796)
Books and Collections	(285,883)	(40,210)	-	(326,093)
Capital Assets, net	<u>\$ 561,136</u>	<u>\$ 470</u>	<u>\$ -</u>	<u>\$ 561,606</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

**Water and Sewer Authority**

Activity for the Water and Sewer Authority for the year ended September 30, 2009 was as follows.

	Beginning Balance	Prior Period Adjustment	Additions	Retirements	Ending Balance
Non-Depreciable Assets:					
Construction in Progress	\$ 115,231	\$ -	\$ 254,122	\$ (111,142)	\$ 258,211
Depreciable Assets:					
Water & Sewer Lines	7,886,075	276,037	1,122,473	-	9,284,585
Machinery, Equipment and Other	71,408	-	1,265	-	72,673
Total Depreciable Capital Assets	7,957,483	276,037	1,123,738	-	9,357,258
Less Accumulated Depreciation/Amortization					
Water & Sewer Lines	(1,026,700)	-	(177,307)	-	(1,204,007)
Machinery, Equipment and Other	(49,092)	-	(6,173)	-	(55,265)
Total Depreciable Capital Assets, net	6,881,691	276,037	940,258	-	8,097,986
Capital Assets, Net	<u>\$ 6,996,922</u>	<u>\$ 276,037</u>	<u>\$ 1,194,380</u>	<u>\$ (111,142)</u>	<u>\$ 8,356,197</u>

The Authority amortizes a Feasibility Study over 20 years, a Water Conservation Plan over 10 years, and a Master Plan for its water system over 30 years. Below is the amortization for the year ended September 30, 2009:

	Beginning Balance	Additions	Deductions	Ending Balance
Feasibility Study	\$ 19,482	\$ -	\$ -	\$ 19,482
Water Consumption Plan	13,403	-	-	13,403
Water System Master Plan	-	59,847	-	59,847
Less Accumulated Amortization				
Feasibility Study	(5,439)	(974)	-	(6,413)
Water Consumption Plan	(2,792)	(1,341)	-	(4,133)
Water System Master Plan	-	(1,961)	-	(1,961)
Feasibility Study, Net of Amortization	<u>\$ 24,654</u>	<u>\$ 55,571</u>	<u>\$ -</u>	<u>\$ 80,225</u>

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

Activity for The Joint Development Authority for Franklin, Hart and Stephens Counties for the year ended June 30, 2009 was as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Retirements	Ending Balance
Non-Depreciable Assets					
Land and Improvements	\$ 1,357,145	\$ -	\$ 3,500	\$ (51,286)	\$ 1,309,359
Construction in Progress	95,926	(85,787)	13,544	(10,139)	13,544
Total Non-Depreciable Capital Assets	1,453,071	(85,787)	17,044	(61,425)	1,322,903
Depreciable Assets:					
Site Improvements	2,980,039	-	10,139	-	2,990,178
Less Accumulated Depreciation	(200,968)	-	(61,097)	-	(262,065)
Total Depreciable Capital Assets, net	2,779,071	-	(50,958)	-	2,728,113
Capital Assets, Net	<u>\$ 4,232,142</u>	<u>\$ (85,787)</u>	<u>\$ (33,914)</u>	<u>\$ (61,425)</u>	<u>\$ 4,051,016</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 7 - LONG TERM DEBT**

**Capital Leases**

On July 1, 1999, the County entered into a lease purchase agreement with HHS Property Corporation to construct a building now known as the DFACS facility. The total cost of the DFACS facility was \$1,670,296. Principal payment on this lease started at the time construction was complete. The first payment was made on March 1, 2000 and the final payment will be due January 1, 2015, at which time, the County intends to take possession of the facility. Monthly payments are \$13,631.45 at 5.35% per annum. This agreement qualifies as a capital lease under FASB-13.

The County in turn has entered into a sublease rental agreement with the Georgia Department of Human Resources (DHR) whereby DHR will rent the facility for office space of the Hart County Division of Family and Children Services (DFACS). DHR pays to the County \$14,149.10 per month. Of this amount, \$13,631.45 is considered rent and \$517.65 is a monthly maintenance charge. The rental term runs from July 1 to June 30 of each year. The initial term began on August 1, 2000. DHR has the option of renewing this sublease agreement each July 1st for an additional term. The final additional term shall commence on the July 1st prior to the fifteenth anniversary of the initial commencement date, i.e., July 1, 2014 and expire at 11:59p.m. on the day before the fifteenth anniversary of the initial commencement date.

During FY 2009, the County made total payments of \$163,577 toward the DFACS building lease. Of this total payment, \$120,225 was a reduction of principal while \$43,352 was interest paid.

The future minimum lease obligations for the DFACS lease as of September 30, 2009 is as follows:

Year Ending <u>September 30</u>	<u>DFACS</u>
2010	\$ 163,577
2011	163,577
2012	163,577
2013	163,577
2014	163,577
2015	<u>69,262</u>
Total	887,147
Less: Interest	<u>(153,384)</u>
Present Value of Minimum Lease Payments	<u>\$ 733,763</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 7 - LONG TERM DEBT (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 site for 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. The \$378,510 reported as landfill closure and post closure care liability at September 30, 2009 represents the estimated total amount necessary to perform all future closure and post closure functions. The amount reported is based on what it would cost to perform all closure and post closure care in 2009. Actual costs may be higher due to changes in inflation, technology, or applicable laws or regulations. Amortization of the above total closure and post closure care liability over the remaining 20 years of required monitoring is \$21,028 per year.

**CHANGES IN LONG TERM DEBT**

Long term liability activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 325,611	\$ 25,226	\$ -	\$ 350,837	\$ 350,837
Capital Leases	853,988	-	(120,225)	733,763	127,660
Governmental Activities Long-term Liabilities	<u>\$ 1,179,599</u>	<u>\$ 25,226</u>	<u>\$ (120,225)</u>	<u>\$ 1,084,600</u>	<u>\$ 478,497</u>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 10,992	\$ 954	\$ -	\$ 11,946	\$ 11,946
Landfill Closure/Postclosure	399,538	-	(21,028)	378,510	21,028
Business-type Activities Long-term Liabilities	<u>\$ 410,530</u>	<u>\$ 954</u>	<u>\$ (21,028)</u>	<u>\$ 390,456</u>	<u>\$ 32,974</u>

The capital lease, which consists of a lease for a building housing the Division of Family & Children Services, will be paid from the Special Revenue (DFACS) Fund. The landfill closure and postclosure cost will be paid by the Solid Waste Fund. The compensated absences liability will be paid from the fund from which the employee's salaries are paid as follows:

<b><u>Fund</u></b>	<b><u>Compensated Absences Liability</u></b>
<b>Governmental Activities:</b>	
General	\$ 337,029
E-911	6,467
Insurance Premium	7,341
Total	<u>\$ 350,837</u>
<b>Business-type Activities:</b>	
Solid Waste	<u>\$ 11,946</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 7 - LONG TERM DEBT (CONTINUED)**

*COMPONENT UNITS*

**Health Department**

Long term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 32,527</u>	<u>\$ 20,397</u>	<u>\$ (19,200)</u>	<u>\$ 33,724</u>	<u>\$ 19,000</u>

The Compensated Absences will be paid by the Hart County Health Department.

**Water and Sewer Authority**

Long term liability activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	<u>\$ 72,929</u>	<u>\$ -</u>	<u>\$ (11,557)</u>	<u>\$ 61,372</u>	<u>\$ 11,790</u>

In FY 2003 Hart County Water and Sewer Authority began the Waterline Extension/Lavonia Connector Phase 1 project. It was funded by the City of Lavonia and a GEFA Loan. The project was completed in June 2005, at a cost of \$196,165. Current Depreciation was \$3,923 and the book value at September 30, 2008 is \$174,588.

The Georgia Environmental Facilities Authority (GEFA) Loan is a low interest loan with a original principal loan amount of \$116,918. As of September 30, 2009 the GEFA Loan carried a balance of \$61,372 with an annual interest rate of 2%. The first payment of \$3,232.25 was due on October 1, 2004 and then quarterly thereafter. Below is the future minimum obligated payments:

Year Ending September 30	Interest	Principal	Total Payment
2010	\$ 1,139	\$ 11,790	\$ 12,929
2011	902	12,027	12,929
2012	659	12,270	12,929
2013	412	12,517	12,929
2014	161	12,768	12,929
Total	<u>\$ 3,273</u>	<u>\$ 61,372</u>	64,645
	Less: Interest		<u>(3,273)</u>
	Present Value of Minimum Payments		<u>\$ 61,372</u>

The GEFA Loan will be paid by Hart County Water and Sewer Authority.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 7 - LONG TERM DEBT (CONTINUED)**

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

Long term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	\$ 613,308	\$ -	\$ (55,549)	\$ 557,759	\$ 55,810

The Authority is obligated to pay to the Hart County Electric Membership Corporation \$4,166.67 monthly, at no interest until the balance, \$137,500, is paid. The original loan in the amount of \$387,500 was for Capital Improvements. The Improvements were completed at a cost of \$2,855,189 with accumulated depreciation of \$258,117 at June 30, 2009.

On July 18, 2002, the Authority borrowed on a promissory note from the United States Department of Agriculture (U.S.D.A.) \$500,000 for Capital Improvements. According to the terms of the note, total payments of \$28,150 including interest at 4.75% per annum are due beginning July 18, 2003 and every year thereafter. In addition, the Authority must set aside in a reserve account \$2,815 annually until such balance reaches \$28,150. The Improvements were completed at a cost of \$2,855,189 with accumulated depreciation of \$258,117 at June 30, 2009.

Below is the debt amortization of the U.S.D.A. note and the Hart County Electric Membership Corporation note:

Year Ending June 30	U.S.D.A. Loan			Hart County EMC	Total
	Principal	Interest	Total Payment		Total Debt Pmt.
2010	\$ 5,810	\$ 22,340	\$ 28,150	\$ 50,000	\$ 78,150
2011	6,086	22,064	28,150	37,500	65,650
2012	6,375	21,775	28,150	-	28,150
2013	6,678	21,472	28,150	-	28,150
2014	6,995	21,155	28,150	-	28,150
2015-2019	40,287	100,463	140,750	-	140,750
2020-2024	50,808	89,942	140,750	-	140,750
2025-2029	64,080	76,670	140,750	-	140,750
2030-2034	80,817	59,933	140,750	-	140,750
2035-2039	101,927	38,823	140,750	-	140,750
2040-2043	100,396	12,201	112,597	-	112,597
Total	<u>\$ 470,259</u>	<u>\$ 486,838</u>	957,097	87,500	1,044,597
Less: Interest			(486,838)	-	(486,838)
Present Value of Minimum Lease Payments			<u>\$ 470,259</u>	<u>\$ 87,500</u>	<u>\$ 557,759</u>

The above notes will be paid by The Joint Development Authority of Franklin, Hart and Stephens Counties.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 8 - INTERFUND BALANCES: DUE TO/FROM**

Interfund balances for the year ended September 30, 2009 were as follows:

Payable from the SPLOST Fund to the General Fund	<u>\$ 1,000,000</u>
Payable from the EIP (Employment Incentive Program) Fund #3 to:	
EIP Fund #1	\$ 110,000
EIP Fund #2	<u>35,000</u>
Total Payable from the EIP Fund #3	<u>\$ 145,000</u>

Interfund balances at 09/30/2009, represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

**NOTE 9 - 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 post employment benefits (OPEB).

**NOTE 10 – PENSION PLANS**

A. Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with a Deferred Compensation Plan as discussed below. The plan is administered by Mack Poss and Associates. The Plan can be amended or removed by a majority vote of the Hart County Board of Commissioners. Contributions required under the plan equaled \$ 36,367 by the County and \$ 147,024 by employees. Actual contributions made to the plan were \$ 36,367 by the County and \$ 147,024 by the employees. Percentage of covered payroll contributed by the County was 3.0% and 12.1% by the employees. Total salaries paid for the current year were \$5,909,843, and total current year covered payroll was \$1,212,224.

B. Deferred Compensation Plan

The County offers a deferred compensation plan created in Fiscal Year 1994, in accordance with Internal Revenue Code 457. The plan is available to all full time County employees ( who work more than thirty hours per week) after one year of employment. The plan is funded through payroll deductions with the maximum contribution being 25% and a ceiling dollar amount of \$ 16,500 per year with certain catch-up provisions for employees who are at least 50 years old.

The contributions from both of the above plans are invested with Lincoln National Life and ING Insurance Companies. The following is a summary of the Hart County employee retirement plan:

- (1) Only full time employees are eligible.
- (2) Employees must complete one year of service to be eligible for participation in the plan. One year of service is defined as 12 consecutive months of full time service. Any employee with a break in full time service will be treated as a new employee.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 10 – PENSION PLANS (CONTINUED)**

(3) The plan is structured in the following manner:

- A. Upon completion of one to three years of service, the employer will match 50% of the employee's contribution to a maximum of 3% of the employee's annual salary.
- B. Upon completion of three to five years of service, the employer will match 75% of the employee's contribution to a maximum of 3% of the employee's annual salary.
- C. Upon completion of five or more years of service, the employer will match 100% of the employee's contribution to a maximum of 3% of the employee's annual salary.

(4) Employees will be 100% vested after completion of five years of service. Employees will be 100% vested in his/her contribution immediately.

(5) Participation in the plan and increases in the County match percentage will begin at the first of the month following the employee's anniversary date.

(6) Employees may contribute up to a maximum of \$16,500 or 25% of their annual salary. 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.

In February 2009, the Board of Commissioners elected to temporarily suspend the 3% County match to the 457 plan due to contemporary economic conditions and budget constraints. The suspension was temporary though, and in October 2009 the Board voted to reinstate this benefit to County employees.

**NOTE 11 - RISK MANAGEMENT**

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

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 11 - RISK MANAGEMENT (CONTINUED)**

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverage.

The following are insurance and liability coverage limits:

Property	\$24,000,000 est
Inland Marine	1,600,000 est
Liability limits per occurrence:	
Comprehensive General Liability, Law Enforcement Liability and Officials Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Crime Protection	150,000
Employee Dishonesty	50,000

All coverage's are subject to a per occurrence deductible of \$5,000.

Medical coverage for employees is with Health Plan Select. The County has two plans that have various co pays ranging from \$20 to \$500 depending on the plan and type of treatment. The maximum annual out-of-pocket is either \$2,000 individually/\$6,000 family for the H-505 plan and \$2,500 individually/\$7,500 family for the H-606 plan. The maximum lifetime benefit for both plans is \$5,000,000.

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Hart County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County. There were no known contingent liabilities which would materially effect the financial statements.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 13 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS**

The funds expended between The Joint Development Authority of Franklin, Hart & Stephens County and Hart County require an reconciliation due to the Authority having a year end of June 30, 2009. Reconciliation of monies expended by Hart County and revenues received by the Authority are as follows:

Total Funds contributed or expended by Hart County FY' 09 on behalf of the Authority.	\$ 78,150
Less funds paid to the Authority between June 30, 2009 and September 30, 2009	<u>(40,650)</u>
Revenue shown on The Joint Development Authority of Franklin, Hart & Stephens Co. Audit for Year Ending June 30, 2009	<u>\$ 37,500</u>

The funds expended between The Hart County Library and Hart County also require a reconciliation due to the Library having a year end of June 30, 2009. Reconciliation of monies expended by Hart County and revenues received by the Library are as follows:

Total Funds contributed or expended by Hart County FY' 09 on behalf of the Library.	\$ 81,000
Less funds paid to the Library between June 30, 2009 and September 30, 2009	(18,000)
Plus funds paid to the Library between June 30, 2008 and September 30, 2008	<u>22,500</u>
Revenue shown on The Hart County Library Audit for Year Ending June 30, 2009	<u>\$ 85,500</u>

**NOTE 14 - JOINT VENTURE**

Under Georgia Law, the County, in conjunction with other cities and counties in the area, are members of the Georgia Mountains Regional Development Center (RDC) and is required to pay annual dues. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Development Center, P.O. Box 1720, Gainesville, Georgia 30503.

**HART COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 15 - PRIOR PERIOD ADJUSTMENT**

**Primary Government - Proprietary Fund**

During the Fiscal Year Ending September 30, 2009, it was discovered that a receivable was not correctly reported in the Solid Waste Proprietary Fund during the prior Fiscal Year Ending September 30, 2008. Consequently, revenues were understated during the 2008 fiscal year and a prior period adjustment in the amount of \$40,115 was necessary to correct beginning of year net assets.

**Component Units**

Hart County Water and Sewer Utility Authority

There was a prior period adjustments required for Fiscal Year 2009. During the year, it was discovered that a group of water and sewer lines for the Gateway Project had not been properly recorded as an asset of the Authority during FY '08. A prior period adjustment of \$276,038, the cost of these assets, was required on the FY '09 books.

The Joint Development Authority of Franklin, Hart and Stephens Counties

In Fiscal Year 2008, capital assets were overstated by \$85,787. This overstatement was due to an asset recognized on the Authority's books that should have been recorded on the books of the Hart County Water and Sewer Utility Authority. A prior period adjustment was required for FY 2009.

**NOTE 16 - SPLOST #3**

Hart County records various grants within the SPLOST #3 fund. During Fiscal Year 2009, \$181,835 of grant money was recorded in the fund and labeled as Intergovernmental Revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances. Accordingly, the expenditures related to these grant monies were also recorded as Capital Outlay on the financial statements for the SPLOST #3 fund. Although, the expenditures associated with these grants were properly removed on the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax.

**HART COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended September 30, 2009

**Required Supplementary Information**

**HART COUNTY, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2009**  
**(Required Supplementary Information)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,238,043	\$ 7,238,043	\$ 6,608,984	\$ (629,059)
Licenses and Permits	62,500	62,500	68,301	5,801
Intergovernmental	352,000	352,000	376,606	24,606
Fines and Forfeitures	451,013	451,013	489,186	38,173
Charges for Services	781,938	781,938	1,067,723	285,785
Investment Earnings	113,700	113,700	28,214	(85,486)
Contributions & Donations	-	-	1,993	1,993
Miscellaneous	154,000	154,000	211,411	57,411
<b>TOTAL REVENUES</b>	<b>9,153,194</b>	<b>9,153,194</b>	<b>8,852,418</b>	<b>(300,776)</b>
<b>EXPENDITURES</b>				
Current Expenditures				
General Government				
General Government	132,868	131,470	84,940	46,530
Board of Registrars	39,513	40,413	40,129	284
Elections	19,955	19,955	19,916	39
Professional	102,000	114,600	114,507	93
Executive	362,159	361,359	338,926	22,433
Tax Commissioner	248,543	248,543	230,330	18,213
Tax Assessors	881,390	906,250	894,797	11,453
Risk Management	445,000	445,000	281,752	163,248
Buildings and Properties	1,353,400	1,187,200	899,811	287,389
General Administration Fees	3,750	3,750	3,745	5
<b>Total General Government</b>	<b>3,588,578</b>	<b>3,458,540</b>	<b>2,908,853</b>	<b>549,687</b>
Judicial				
Superior Court	101,766	176,866	176,843	23
Clerk of Superior Court	245,322	260,282	260,188	94
Probate Court	242,864	243,168	237,680	5,488
Juvenile Court	56,716	56,716	15,891	40,825
Grand Jury	40,948	43,848	43,750	98
Public Defender	58,416	61,666	61,632	34
District Attorney	8,740	12,640	12,617	23
Magistrate Court	197,792	197,792	192,095	5,697
Board of Equalization	7,196	10,520	6,962	3,558
<b>Total Judicial</b>	<b>959,760</b>	<b>1,063,498</b>	<b>1,007,658</b>	<b>55,840</b>
Public Safety				
Sheriff	1,551,451	1,552,951	1,403,883	149,068
Jail Operations	938,895	971,595	971,580	15
Whitworth Parole Center	30,000	30,000	19,098	10,902
Coroner and Medical Examiner	16,829	16,829	14,459	2,370
Emergency Management	26,805	26,805	22,077	4,728
Emergency Medical Service	1,571,752	1,589,352	1,589,316	36
Animal Control	81,038	49,925	29,925	20,000
<b>Total Public Safety</b>	<b>\$ 4,216,770</b>	<b>\$ 4,237,457</b>	<b>\$ 4,050,338</b>	<b>\$ 187,119</b>

continued....

**HART COUNTY, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2009**  
**(Required Supplementary Information)**

continued....	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Highways & Streets	\$ 598,563	\$ 598,563	\$ 423,307	\$ 175,256
Maintenance Shop	357,554	357,554	308,098	49,456
Water & Sewer Authority	-	5,200	5,185	15
Total Public Works	<u>956,117</u>	<u>961,317</u>	<u>736,590</u>	<u>224,727</u>
Public Health and Welfare				
Health	90,520	81,758	79,199	2,559
Welfare	106,200	97,700	58,188	39,512
Senior Citizens Center	92,180	92,180	85,310	6,870
Transportation Services	73,095	76,095	76,028	67
Total Public Health and Welfare	<u>361,995</u>	<u>347,733</u>	<u>298,725</u>	<u>49,008</u>
Recreation and Culture				
Recreation	252,012	250,012	237,681	12,331
HYDRA	19,000	17,100	17,100	-
Library Administration	90,000	81,000	81,000	-
Total Recreation and Culture	<u>361,012</u>	<u>348,112</u>	<u>335,781</u>	<u>12,331</u>
Housing and Development				
Agricultural Resources	75,254	70,133	70,107	26
Economic Development & Assistance	103,745	93,870	91,927	1,943
Airport Authority	6,888	6,199	6,199	-
Community Action Programs	950	855	855	-
Adult Basic Education	23,750	22,975	22,907	68
Total Housing and Development	<u>210,587</u>	<u>194,032</u>	<u>191,995</u>	<u>2,037</u>
<b>TOTAL EXPENDITURES</b>	<u>10,654,819</u>	<u>10,610,689</u>	<u>9,529,940</u>	<u>1,080,749</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,501,625)</u>	<u>(1,457,495)</u>	<u>(677,522)</u>	<u>779,973</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Carryover of Funds	<u>1,501,625</u>	<u>1,457,495</u>	<u>-</u>	<u>(1,457,495)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(677,522)</u>	<u>(677,522)</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>5,092,451</u>	<u>5,092,451</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,414,929</u>	<u>\$ 4,414,929</u>

**HART COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2009**

**NOTE 1 - BUDGETARY INFORMATION**

Budgets for the general fund are adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

During Fiscal Year 2009, there were no departments that overspent their budget.

**HART COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended September 30, 2009

**Supplementary Information**

**HART COUNTY, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2009**

	<u>Capital Projects Funds</u>			<u>Special Revenue Funds</u>		
	<u>SPLOST #2</u>	<u>Multiple Grant Fund</u>	<u>Economic Development Fund</u>	<u>D.H.R. DFACS Building</u>	<u>Drug Abuse Treatment and Education</u>	<u>E911</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 306,415	\$ -	\$ -	\$ 28,113	\$ 78,176	\$ 447,138
Receivables(Net of Allowance for Uncollectibles)	24,129	-	-	-	625	54,889
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 330,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,113</u>	<u>\$ 78,801</u>	<u>\$ 502,027</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241
Other Accrued Items	-	-	-	-	-	3,715
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,956</u>
<b>FUND BALANCES</b>						
Unreserved, Undesignated, Reported in:						
Special Revenue Funds	-	-	-	28,113	78,801	498,071
Capital Projects Funds	330,544	-	-	-	-	-
<b>Total Fund Balance</b>	<u>330,544</u>	<u>-</u>	<u>-</u>	<u>28,113</u>	<u>78,801</u>	<u>498,071</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 330,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,113</u>	<u>\$ 78,801</u>	<u>\$ 502,027</u>

**Special Revenue Funds**

<u>Jail</u>	<u>Behavioral Health Escrow</u>	<u>Law Library</u>	<u>Victims Assistance</u>	<u>Employment Incentive Program Fund #1</u>	<u>Employment Incentive Program Fund #2</u>	<u>Employment Incentive Program Fund #3</u>	<u>TOTAL</u>
\$ 32,474	\$ 33,998	\$ 2,312	\$ 84,898	\$ 26,682	\$ 8,177	12,039	\$ 1,060,422
3,467	-	-	553	2,300	1,154	1,334	88,451
-	-	-	-	110,000	35,000	-	145,000
<u>\$ 35,941</u>	<u>\$ 33,998</u>	<u>\$ 2,312</u>	<u>\$ 85,451</u>	<u>\$ 138,982</u>	<u>\$ 44,331</u>	<u>\$ 13,373</u>	<u>\$ 1,293,873</u>
\$ -	\$ -	\$ -	\$ 6,303	\$ -	\$ -	\$ -	\$ 6,544
-	-	-	-	-	-	-	3,715
-	-	-	-	-	-	145,000	145,000
-	-	-	6,303	-	-	145,000	155,259
35,941	33,998	2,312	79,148	138,982	44,331	(131,627)	808,070
-	-	-	-	-	-	-	330,544
<u>35,941</u>	<u>33,998</u>	<u>2,312</u>	<u>79,148</u>	<u>138,982</u>	<u>44,331</u>	<u>(131,627)</u>	<u>1,138,614</u>
<u>\$ 35,941</u>	<u>\$ 33,998</u>	<u>\$ 2,312</u>	<u>\$ 85,451</u>	<u>\$ 138,982</u>	<u>\$ 44,331</u>	<u>\$ 13,373</u>	<u>\$ 1,293,873</u>

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2009**

	<u>Capital Projects Funds</u>			<u>Special Revenue Funds</u>		
	<u>SPLOST #2</u>	<u>Multiple Grant Fund</u>	<u>Economic Development Fund</u>	<u>D.H.R. DFACS Building</u>	<u>Drug Abuse Treatment and Education</u>	<u>E911</u>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	169,789	-	415,856
Fines and Forfeitures	-	-	-	-	12,300	-
Investment Earnings	3,194	-	499	12	738	4,326
Miscellaneous	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>3,194</u>	<u>-</u>	<u>499</u>	<u>169,801</u>	<u>13,038</u>	<u>420,182</u>
<b>EXPENDITURES</b>						
Current Expenditures						
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	-	453,699
Health and Welfare	-	-	-	4,800	20,215	-
Housing and Development	-	128	89,199	-	-	-
Intergovernmental	56,581	-	-	-	-	-
Capital Outlay	16,471	-	-	-	-	-
Debt Service:						
Principal	-	-	-	120,225	-	-
Interest and Paying Agent Fee	-	-	-	43,352	-	-
<b>TOTAL EXPENDITURES</b>	<u>73,052</u>	<u>128</u>	<u>89,199</u>	<u>168,377</u>	<u>20,215</u>	<u>453,699</u>
<b>NET CHANGE IN FUND BALANCES</b>	(69,858)	(128)	(88,700)	1,424	(7,177)	(33,517)
<b>FUND BALANCES, Beginning of Year</b>	<u>400,402</u>	<u>128</u>	<u>88,700</u>	<u>26,689</u>	<u>85,978</u>	<u>531,588</u>
<b>FUND BALANCES, End of Year</b>	<u>\$ 330,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,113</u>	<u>\$ 78,801</u>	<u>\$ 498,071</u>

**Special Revenue Funds**

Jail	Behavioral Health Escrow	Law Library	Victims Assistance	Employment Incentive Program Fund #1	Employment Incentive Program Fund #2	Employment Incentive Program Fund #3	TOTAL
\$ -	\$ -	\$ -	\$ 29,340	\$ -	\$ -	\$ -	\$ 29,340
-	6,000	-	-	-	-	-	591,645
30,468	-	6,551	77,524	-	-	-	126,843
318	271	-	1,172	6,086	1,747	3,605	21,968
-	-	-	-	22,647	12,471	10,399	45,517
<u>30,786</u>	<u>6,271</u>	<u>6,551</u>	<u>108,036</u>	<u>28,733</u>	<u>14,218</u>	<u>14,004</u>	<u>815,313</u>
-	-	6,334	-	-	-	-	6,334
35,210	-	-	-	-	-	-	488,909
-	568	-	159,260	-	-	-	184,843
-	-	-	-	944	583	145,631	236,485
-	-	-	-	-	-	-	56,581
-	-	-	-	-	-	-	16,471
-	-	-	-	-	-	-	120,225
-	-	-	-	-	-	-	43,352
<u>35,210</u>	<u>568</u>	<u>6,334</u>	<u>159,260</u>	<u>944</u>	<u>583</u>	<u>145,631</u>	<u>1,153,200</u>
(4,424)	5,703	217	(51,224)	27,789	13,635	(131,627)	(337,887)
40,365	28,295	2,095	130,372	111,193	30,696	-	1,476,501
<u>\$ 35,941</u>	<u>\$ 33,998</u>	<u>\$ 2,312</u>	<u>\$ 79,148</u>	<u>\$ 138,982</u>	<u>\$ 44,331</u>	<u>\$ (131,627)</u>	<u>\$ 1,138,614</u>

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
 September 30, 2009

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	\$ 290,769	\$ 216,524	\$ 47,825	\$ 18,488	\$ 40,787	\$ 614,393
Taxes Receivable	1,511,921	-	-	-	-	1,511,921
<b>TOTAL ASSETS</b>	<b>\$ 1,802,690</b>	<b>\$ 216,524</b>	<b>\$ 47,825</b>	<b>\$ 18,488</b>	<b>\$ 40,787</b>	<b>\$ 2,126,314</b>
LIABILITIES						
Due to Others	\$ 1,802,690	\$ 216,524	\$ 47,825	\$ 18,488	\$ 40,787	\$ 2,126,314

**HART COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**September 30, 2009**

	<b>TAX COMMISSIONER</b>	<b>CLERK OF SUPERIOR COURT</b>	<b>PROBATE COURT</b>	<b>MAGISTRATE COURT</b>	<b>SHERIFF</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash, Balance Sept. 30, 2008	\$ 161,825	\$ 99,575	\$ 33,861	\$ 23,687	\$ 42,075	\$ 361,023
Additions	19,792,603	522,668	368,530	293,419	175,341	21,152,561
Deductions	(19,663,659)	(405,719)	(354,566)	(298,618)	(176,629)	(20,899,191)
Cash, Balance Sept. 30, 2009	<u>290,769</u>	<u>216,524</u>	<u>47,825</u>	<u>18,488</u>	<u>40,787</u>	<u>614,393</u>
Taxes Receivable, Sept. 30, 2008	1,378,846	-	-	-	-	1,378,846
Additions	15,728,259	-	-	-	-	15,728,259
Deductions	(15,595,184)	-	-	-	-	(15,595,184)
Taxes Receivable, Sept. 30, 2009	<u>1,511,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,511,921</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,802,690</u>	<u>\$ 216,524</u>	<u>\$ 47,825</u>	<u>\$ 18,488</u>	<u>\$ 40,787</u>	<u>\$ 2,126,314</u>
<b>LIABILITIES</b>						
Due to Others, Sept. 30, 2008	\$ 1,540,671	\$ 99,575	\$ 33,861	\$ 23,687	\$ 42,075	\$ 1,739,869
Additions	19,792,603	522,668	368,530	293,419	175,341	21,152,561
Deductions	(19,530,584)	(405,719)	(354,566)	(298,618)	(176,629)	(20,766,116)
Due to Others, Sept. 30, 2009	<u>1,802,690</u>	<u>216,524</u>	<u>47,825</u>	<u>18,488</u>	<u>40,787</u>	<u>2,126,314</u>
<b>TOTAL LIABILITIES, Sept. 30, 2009</b>	<u>\$ 1,802,690</u>	<u>\$ 216,524</u>	<u>\$ 47,825</u>	<u>\$ 18,488</u>	<u>\$ 40,787</u>	<u>\$ 2,126,314</u>

**HART COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended September 30, 2009

**Additional Supplementary Information**

**WAYNE IVEY BOWEN**  
CERTIFIED PUBLIC ACCOUNTANT  
529 GREEN STREET - P.O. BOX 2335  
GAINESVILLE, GEORGIA 30503

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

(770) 536-9833  
FAX (770) 536-0136

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

January 4, 2010

INDEPENDENT AUDITOR'S REPORT ON SCHEDULES OF  
PROJECTS CONSTRUCTED WITH  
SPECIAL PURPOSE LOCAL OPTION SALES TAX

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

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for Hart County, Georgia for the year ended September 30, 2009. These schedules are the responsibility of Hart County, Georgia's management. My responsibility is to express an opinion on the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax were prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and are not intended to be a complete presentation of Hart County's revenues and expenditures.

In my opinion, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Hart County, Georgia's resolution or ordinance calling for the tax for the year ended September 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

  
\_\_\_\_\_  
Certified Public Accountant

**HART COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL**  
**OPTION SALES TAX (SPLOST #2)**  
**For the Year Ended September 30, 2009**

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years		
Roads, Streets and Bridges	\$ 4,500,000	\$ 4,500,000	\$ 5,717,691	\$ -	\$ 5,717,691	100.00%
Water System and Capital Outlay	3,300,000	3,300,000	2,946,610	73,052	3,019,662	91.50%
Industrial Development Capital Outlay	1,860,000	1,860,000	2,247,417	-	2,247,417	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%
<b>Total</b>	<b>\$12,000,000</b>	<b>\$12,000,000</b>	<b>\$13,393,692</b>	<b>\$ 73,052</b>	<b>\$ 13,466,744</b>	

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, 2009**

Project	Estimated Cost		Prior Period Adjustment	Expenditures			Total	Estimated Percentage of Completion
	Original	Current		Prior Years	Current Years	Total		
Roads, Streets and Bridges	\$ 4,036,600	\$ 4,036,600	\$ (75,566)	\$ 4,097,155	\$ 881,268	\$ 4,902,857	100.00%	
Water System Capital Outlay	3,200,000	3,200,000	-	-	1,040,149	1,040,149	32.50%	
Industrial Development Capital Outlay	3,200,000	3,200,000	-	715,195	343,440	1,058,635	33.08%	
Capital Outlay Projects for the City of Royston	99,000	99,000	-	-	5,120	5,120	5.17%	
Capital Outlay Projects for the City of Bowersville	83,000	83,000	-	30,781	2,219	33,000	39.76%	
Capital Outlay Projects for the City 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	-	1,165,488	370,759	1,536,247	68.39%	
Fire Protection Equipment	1,360,000	1,360,000	-	907,727	-	907,727	66.74%	
Recreational Facilities	1,360,000	1,360,000	-	1,089,916	27,729	1,117,645	82.18%	
<b>Total</b>	<b>\$15,600,000</b>	<b>\$15,600,000</b>	<b>\$ (75,566)</b>	<b>\$8,021,262</b>	<b>\$2,670,684</b>	<b>\$10,616,380</b>		

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 Cities of Royston, 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: During Fiscal Year 2007, \$75,566 of Grant Money Expenditures were mistakenly recorded as SPLOST Expenditures on this Schedule

**WAYNE IVEY BOWEN**  
CERTIFIED PUBLIC ACCOUNTANT  
529 GREEN STREET - P.O. BOX 2335  
GAINESVILLE, GEORGIA 30503

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

(770) 536-9833  
FAX (770) 536-0136

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

January 4, 2010

**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

I 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 as of and for the year ended September 30, 2009, which collectively comprise the Hart County, Georgia's basic financial statements and have issued my report thereon dated January 4, 2010. I did not audit the financial statements of the Hart County Health Department, a nonmajor component unit. These financial statements were audited by other auditors whose reports have been furnished to me. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Hart County, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

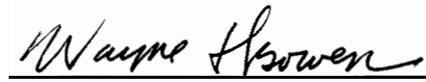
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hart County, Georgia's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Chairman, Members of the Board of Commissioners, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Wayne Howen  
Certified Public Accountant