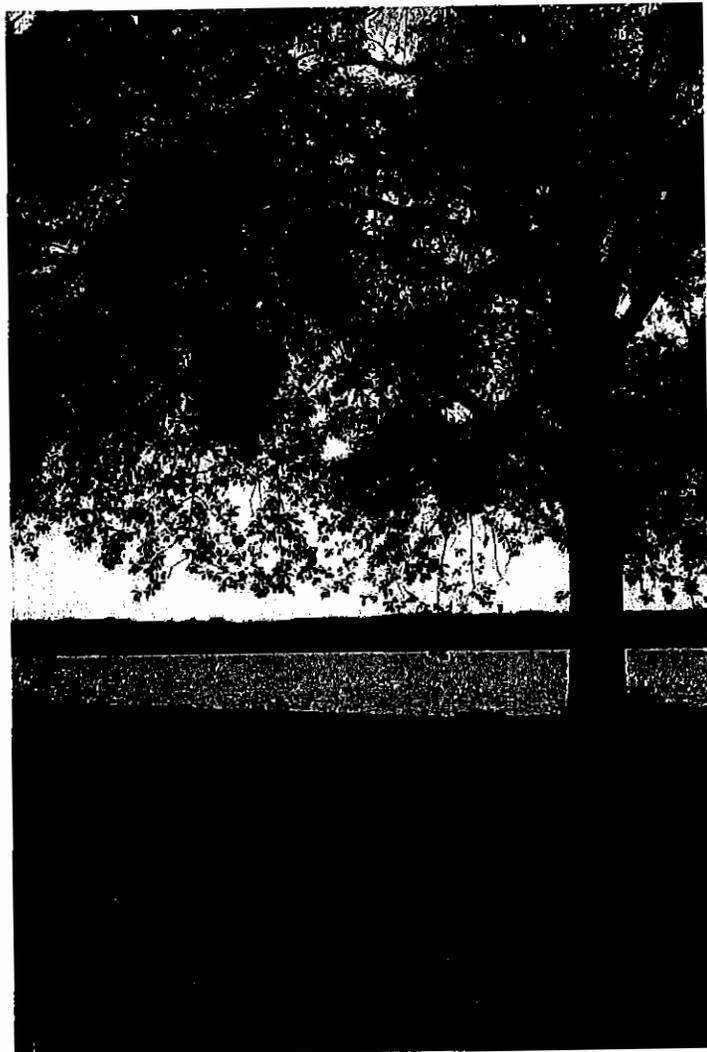


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HART COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018



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Part I
Introductory Section



**HART COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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**HART COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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**HART COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2018**

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ELECTED

Joey Dorsey, Chairman, County Commissioner, District Five

Ricky Carter, Vice-Chair, County Commissioner, District Four

R.C. Oglesby, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Marshall Sayer, County Commissioner, District Three

STAFF

Terrell Partain, County Administrator

Lawana Kahn, County Clerk

Betty Floyd, Associate County Clerk

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Part II

Financial Section



August XX, 2019

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia (the "County") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, which represents 71.3%, 101.7%, and 70.9%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hart County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Hart County, Georgia
Page 2
August XX, 2019

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 17 and 69 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's basic financial statements. The introductory section and the combining and individual nonmajor fund financial statements, nonmajor budgetary schedules, the schedules of projects constructed with special purpose local option sales tax proceeds required by the Official Code of Georgia 48-8-121, and the source and application of funds and project cost schedules required under the Community Development Block Grant ("CDBG") requirements are listed in the table of contents on pages 75 through 92 and are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

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

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

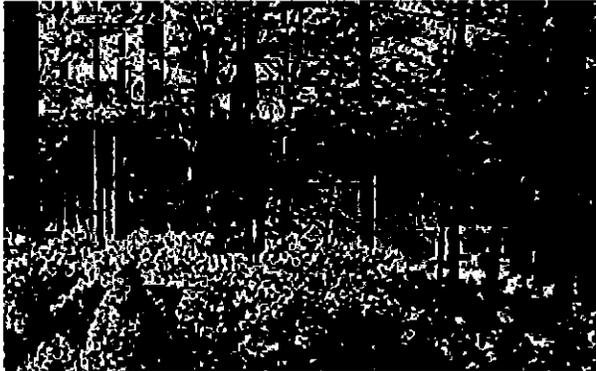
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August XX, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

This section of Hart County, Georgia's (the "County") annual financial report presents a narrative overview and an analysis of the financial activities of the County for the fiscal year ended September 30, 2018. Management encourages readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.



FINANCIAL HIGHLIGHTS

The financial position of the County improved during fiscal year 2018, primarily due to increased sales tax revenues and capital grants and contributions. The total net position for governmental activities increased by \$1,321,611 from \$56,094,561 in fiscal year 2017 to \$57,416,172 in fiscal year 2018. Transfers totaling \$1,062,072 were made to the Hart County Industrial Building Authority, the Joint Development Authority of Franklin, Hart & Stephens Counties, and the Hart County Water & Sewer Authority, all component units of Hart County, Georgia for operations and capital improvements.

Unrestricted net position for the governmental activities increased by \$758,865 from \$5,993,124 in fiscal year 2017 to \$6,751,989 in fiscal year 2018. Total net position increased for the business-type activities by \$1,141,250 from \$24,523,660 in fiscal year 2017 to \$25,664,910 in fiscal year 2018. Total net position for the primary government increased by \$2,462,861 from fiscal year 2017 to fiscal year 2018.

The assets of Hart County, Georgia's governmental activities exceeded its liabilities at September 30, 2018 by \$57,416,172 (net position). Of this amount, \$6,751,989 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.

As of September 30, 2018, the County's governmental funds reported combined ending fund balances of \$11,293,549, which is an increase of \$1,140,836 or 11.2% from the previous fiscal year. This increase is primarily due to increases in tax and intergovernmental revenues and increases in contributions and donations, offset by increases in capital outlay and transfers out in fiscal year 2018.

As of September 30, 2018, the unassigned fund balance for the General Fund was \$6,023,606 or 52.7% of total General Fund expenditures. The County Administrator recommends a target 25-50% of General Fund unassigned fund balance be maintained for cash flow and emergency needs with a minimum threshold of 25% in unrestricted cash. As of September 30, 2018, unrestricted cash of \$4,432,991 made up 73.6% of unassigned fund balance.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

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

Hart County, Georgia maintains fifteen (15) governmental funds. The seven (7) major funds, the General Fund; SPLOST #4, SPLOST #5, and combined CDBG Funds (capital projects funds); and the Insurance Premium Tax Fund, Multiple Grant Fund, and EIP Fund (special revenue funds) are presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data for the eight (8) nonmajor funds, the Confiscated Assets Fund, DFACS Building Fund, Drug Abuse Treatment and Education Fund, E911 Fund, Jail Fund, Behavioral Health Escrow Fund, Law Library Fund, and Health Care Services Fund (special revenue funds) are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor special revenue funds for which budgets are legally adopted is provided in the form of combining statements and individual fund statements and schedules located in the supplementary information section following the notes to the financial statements.

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

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

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

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 30 through 68 of this report.

Other information: In addition to the basic financial statements and notes, this report also includes certain required supplementary information including the County's schedules of budgetary comparisons and additional supplementary information including combining and individual fund statements. This information can be found beginning on page 69.



**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Hart County, Georgia
Summary Statements of Net Position
September 30, 2018 and 2017
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Cash and investments	\$ 9,377	\$ 7,589	\$ 2,161	\$ 1,665	\$ 11,538	\$ 9,254
Other assets	5,045	4,018	377	409	5,422	4,427
Noncurrent assets	45,788	45,695	28,955	28,921	74,743	74,616
Total assets	60,210	57,302	31,493	30,995	91,703	88,297
Liabilities:						
Current liabilities	2,506	962	1,000	991	3,506	1,953
Noncurrent liabilities	288	245	4,828	5,481	5,116	5,726
Total liabilities	2,794	1,207	5,828	6,472	8,622	7,679
Net position:						
Net investment in capital assets	45,788	45,695	22,861	22,213	68,649	67,908
Restricted	4,876	4,407	720	721	5,596	5,128
Unrestricted	6,752	5,993	2,084	1,589	8,836	7,582
Total net position	\$ 57,416	\$ 56,095	\$ 25,665	\$ 24,523	\$ 83,081	\$ 80,618

Hart County, Georgia's Net Position

As noted earlier, the net position over time can be a useful indicator of a government's financial position. As illustrated in the above table, at the end of fiscal year ending September 30, 2018, the County's assets for governmental activities exceeded liabilities by \$57.4 million and the County's assets for business-type activities exceeded liabilities by \$25.7 million bringing the total primary government net position to more than \$83 million.

Of the \$83 million in net position, the County's net investment in capital assets (e.g. land, buildings, machinery and equipment less any outstanding related debt used to acquire the assets and accumulated depreciation) composes 82.6% of net position. The County uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The County's net position also includes restricted net position in the amount of \$5.6 million out of which \$4.5 million is restricted for capital projects, \$0.3 million is restricted for health and welfare, \$0.1 million is restricted for economic development, \$0.5 million is restricted for public safety, and \$0.2 million is restricted for debt service. Restricted net position accounts for 6.7% of total net position. Finally, unrestricted net position of \$8.8 million, or 10.6% of total net position, may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County reported positive balances in all categories of net position, exclusive of discretely presented component units.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Hart County, Georgia
Summary Statements of Activities
For the Years Ended September 30, 2018 and 2017
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,534	\$ 2,686	\$ 2,847	\$ 2,648	\$ 5,381	\$ 5,334
Operating grants/contributions	271	190	474	801	745	991
Capital grants/contributions	1,679	874	-	168	1,679	1,042
General revenues:						
Property taxes	6,725	6,664	-	-	6,725	6,664
Motor vehicle taxes	895	784	-	-	895	784
Sales taxes	5,333	4,908	-	-	5,333	4,908
Other taxes	1,295	1,213	-	-	1,295	1,213
Interest	143	63	9	4	152	67
Miscellaneous	45	60	-	(101)	45	(41)
Total revenues	<u>18,920</u>	<u>17,442</u>	<u>3,330</u>	<u>3,520</u>	<u>22,250</u>	<u>20,962</u>
Expenses:						
Governmental activities	16,537	15,589	-	-	16,537	15,589
Business-type activities	-	-	3,283	4,045	3,283	4,045
Total expenses	<u>16,537</u>	<u>15,589</u>	<u>3,283</u>	<u>4,045</u>	<u>19,820</u>	<u>19,634</u>
Excess (deficiency) before transfers	2,383	1,853	47	(525)	2,430	1,328
Transfers	(1,062)	(857)	1,094	834	32	(23)
Change in net position	1,321	996	1,141	309	2,462	1,305
Net position, beginning	56,095	55,099	24,524	24,214	80,619	79,313
Net position, ending	<u>\$ 57,416</u>	<u>\$ 56,095</u>	<u>\$ 25,665</u>	<u>\$ 24,523</u>	<u>\$ 83,081</u>	<u>\$ 80,618</u>

The table above is included for the purpose of comparing government-wide financial Statements of Activities for the fiscal year ended September 30, 2018 with fiscal year 2017.

For governmental activities, grants and contributions were \$2.0 million in fiscal year 2018, which is \$0.9 million more than the amount in fiscal year 2017. Local option sales tax and special option sales tax increased by \$0.4 million in fiscal year 2018 compared to 2017.

Business-type activities total revenues decreased \$0.2 million between fiscal year 2018 and 2017 due mainly to a decrease in intergovernmental revenues from a non-recurring grant received by IBA in 2017.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

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

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

At September 30, 2018, the County's governmental funds reported a combined fund balance of \$11,293,549, an increase of \$1,140,836 compared to fiscal year 2017. Of this amount, \$6,023,606 (53.3%) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, \$393,636 (3.5%) is nonspendable and \$4,876,307 (43.2%) is restricted.

HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS

General Fund Components of Fund Balance:

<u>Fund Balance Component</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Nonspendable	\$ 302,865	\$ 266,038
Restricted	-	-
Unassigned	<u>6,023,606</u>	<u>5,394,976</u>
Total General Fund fund balance	\$ <u>6,326,471</u>	\$ <u>5,661,014</u>

The General Fund is the chief operating fund for the County. At the end of fiscal year 2018, the General Fund's total fund balance was \$6,326,471 of which \$6,023,606 is unassigned fund balance. As a measure of liquidity of the General Fund, it is useful to compare unassigned General Fund fund balance to total General Fund expenditures. Unassigned General Fund fund balance represents 52.7% of total General Fund expenditures while total General Fund fund balance represents approximately 55.3% of total General Fund expenditures. The General Fund fund balance is composed of cash and noncash items. Management recognizes that only the cash portion can be relied upon as liquid in the upcoming fiscal year and advises that cash fund balance should remain above a 25% minimum. As of September 30, 2018, the fund balance includes \$4,432,991 in cash. The noncash portion of the fund balance includes \$1,340,557 in EMS accounts receivable, net of allowance for bad debts, and \$529,468 in uncollected property taxes, local option sales taxes ("LOST"), title ad valorem taxes ("TAVT"), and other taxes.

General Fund Revenue Highlights:

Hart County, Georgia's General Fund revenues totaled \$12,391,397, which represents an increase of \$359,704 over the previous fiscal year. The major revenue sources are listed in the following chart. Real and personal property tax collections accounted for 54.8% of General Fund revenues. Motor vehicle and title fees accounted for 7.2%, charges for services accounted for 9.4%, and sales and use tax collections accounted for 18.2% of total General Fund revenues. Other revenue sources included other taxes, fines and forfeitures, license and permits, earnings on investments, intergovernmental revenues and miscellaneous income.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Revenues by Source:

	<u>9/30/2018</u>	<u>9/30/2017</u>
Real and personal property taxes	\$ 6,787,129	\$ 6,676,689
Motor vehicle and title fees	895,160	783,762
Sales and use tax	2,259,452	2,079,318
Other taxes	109,185	102,836
Licenses and permits	58,029	57,886
Intergovernmental	279,332	198,366
Fines and forfeitures	573,736	650,911
Charges for services	1,161,866	1,292,799
Investment earnings	84,009	28,897
Other revenue	<u>183,499</u>	<u>160,229</u>
Total General Fund revenues	<u>\$ 12,391,397</u>	<u>\$ 12,031,693</u>

Total General Fund taxes collected by the County were \$10,050,926. Real and personal property taxes were \$122,551 (1.8%) more than the fiscal year 2018 budgeted amount while motor vehicle and title fees were \$120,160 (15.5%) more than the budgeted amount. The County collected \$161,948 (7.7%) more than anticipated in the fiscal year 2018 budget for Local Option Sales Tax ("LOST") revenues. Sales taxes are a key revenue source utilized by the BOC to keep property taxes low, however, these taxes are susceptible to overall economic conditions. Hart County's unincorporated millage rate is one of the lowest rates in the state of Georgia. The County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

Intergovernmental revenues represent local government revenue received from other governments. Intergovernmental revenues for fiscal year 2018 increased \$80,966 (40.8%) over the prior year, mainly due to a nonrecurring operating grant of \$91,197 received during the year from the Federal Emergency Management Agency.

Charges for services decreased by \$130,933 (10.1%) over fiscal year 2017 due primarily to a reduction in emergency medical services fees.

Fines and forfeitures were less than the anticipated final budgeted amount by \$9,264 (1.6%) and reflect a decrease of \$77,175 (11.9%) from the fiscal year 2017 actual amount due to fluctuations in caseloads and public safety efforts.

Investment income increased from fiscal year 2017 by \$55,112 (190.7%).

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Expenditure Highlights:

Hart County, Georgia's General Fund expenditures totaled \$11,438,794 compared to \$10,827,205 for the prior fiscal year, which represents an increase of \$611,589 (5.6%) from the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, \$6,594,630 (57.7%) was related to public safety as compared to \$6,092,434 (56.3%) in the prior fiscal year.

General Fund Expenditures by Function:

	<u>9/30/2018</u>	<u>9/30/2017</u>
General government	\$ 1,829,319	\$ 1,697,712
Judicial	1,086,734	1,033,147
Public safety	6,594,630	6,092,434
Public works	1,048,332	1,099,774
Health and welfare	339,586	349,158
Recreation and culture	387,297	394,635
Housing and development	<u>152,896</u>	<u>160,345</u>
Total General Fund expenditures	<u>\$ 11,438,794</u>	<u>\$ 10,827,205</u>

General government expenditures were \$1,829,319. Total general government expenditures were under the final budget by \$87,531 and under the original budget by \$17,677. The final budget is the true milestone for analysis as conditions change during the fiscal year resulting in the Board of Commissioners adjusting the budget as conditions warrant. The Board of Commissioners recognizes that increases in the original budget will be paid from unrestricted fund balances.

Judicial expenditures were \$1,086,734, which was below the final budget by \$61,756 and under the original budget by \$41,319.

Public safety expenditures totaled \$6,594,630 for the current fiscal year. These expenditures were under the final budget by \$26,717 and over the original budget by \$227,498.

Public works expenditures were \$1,048,332, which was below the final budget by \$378,645 and under the original budget by \$335,211.

Health and welfare expenditures were \$339,586, which was below the final budget by \$29,694 and under the original budget by \$13,719.

Recreation and culture expenditures were \$387,297, with was \$11,844 less than the original and final budget.

Housing and development expenditures were \$152,896, which was \$66,386 less than the final budget and \$63,731 below the original budget.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

The following data includes the breakdown of public safety expenditures which represents approximately 57.7% of the total General Fund expenditures.

Public Safety Expenditures:

	<u>9/30/2018</u>	<u>9/30/2017</u>
Sheriff	\$ 2,417,797	\$ 2,158,964
Jail operations	1,578,436	1,664,754
Whitworth detention center	2,472	5,778
E911	54,426	51,732
Emergency medical services	2,357,561	2,086,724
Animal control	91,819	72,212
Other	<u>92,119</u>	<u>52,270</u>
Total public safety expenditures	\$ <u>6,594,630</u>	\$ <u>6,092,434</u>

General Fund Budgetary Highlights:

There were no net differences between the General Fund's original expenditure budget (including \$287,146 in net budgeted transfers to blended component units and other funds) of \$12,388,513 and the final amended budget. The budget amendments were mainly needed for the following expenditures:

General government department for additional costs related mainly to executive salary increases, general liability insurance, and utilities. In addition, small increases were needed for tax assessor litigation expenses.

Judicial department for costs related to increased caseloads, as well as Superior Court's increased bailiff fees and utilities, as well as increased group insurance and training for the Probate Court.

Public safety department for higher than anticipated costs part-time employees, overtime, and workman's compensation insurance, as well as medical care and meals for inmates and capital outlay for a new engine in an ambulance and cardiac monitors.

Public works department for higher than anticipated costs for gasoline and diesel fuel.

Public health and welfare department for wages and transportation costs due to increased attendance.

Other financing sources transfer out for increased interfund transfers to the Hart County Industrial Building Authority.

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

The original and final budget for General Fund revenues was \$11,898,047. Total revenues and transfers in for fiscal year 2018 were \$12,391,397, an increase of \$493,350 from the final budget. This variance is primarily attributed to the following:

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Budgetary Highlights: (Continued)

Tax revenues were more than the final budget due to increases in current year real and personal property tax collections as well as increased motor vehicle title fee and increased local option sales tax revenue taxes.

Intergovernmental revenues were more than the final budget mainly due to the receipt of a Federal Emergency Management grant that was not budgeted.

Investment earnings were more than the final budget due to increased cash and interest rates.

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS

Other Governmental Funds Components of Fund Balance:

	<u>9/30/2018</u>	<u>9/30/2017</u>
Nonspendable	\$ 90,771	\$ 84,784
Restricted	4,876,307	4,406,915
Unassigned	-	-
Total other governmental funds fund balance	\$ <u>4,967,078</u>	\$ <u>4,491,699</u>

Multiple Grant Fund: The Multiple Grant Fund is a major special revenue fund consisting of activity related to various grant awards to include local, state and federal sources. Grant awards for fiscal year 2018 consist primarily of \$694,594 representing an award passed through the Georgia Department of Transportation under the Local Maintenance and Road Improvement Program. Portions of grants not yet expended have been included in restricted cash. The Multiple Grant Fund also received \$472,000 in in-kind labor contributions from the Georgia Department of Transportation for bridge construction in Hart County, Georgia.

CDBG Fund: The CDBG Fund, a major capital projects fund, had activity in fiscal year 2018 related mainly to two capital project grant awards for \$500,000 each for water and sewer improvement projects in different locations. The grants were awarded in fiscal year 2015. Construction began in fiscal year 2016 and both projects were completed during 2018. Additional funds were drawn down in fiscal year 2018 totaling \$455,105.

SPLOST #4 Fund: The SPLOST #4 Fund is a major capital projects fund. In July 2012, the County began collecting revenue for the SPLOST #4 program. Total sales tax revenue collected in fiscal year 2018 was \$1,467,441. Collections for SPLOST #4 ended in March 2018 when SPLOST #5 began. At the end of fiscal year 2018, this fund had \$2,318,524 in fund balance. The primary SPLOST #4 projects in fiscal year 2018 included roads repairs and improvements, water system capital improvements, industrial development projects, and capital projects for the cities of Hartwell, Canon and Royston.

SPLOST #5 Fund: The SPLOST #5 Fund is a major capital projects fund. In April 2018, the County began collecting revenue for the SPLOST #5 program. Total sales tax revenue collected in fiscal year 2018 was \$1,606,533. At the end of fiscal year 2018, this fund had \$1,378,945 in fund balance. The primary SPLOST #5 projects in fiscal year 2018 included capital projects for the city of Hartwell.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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

Insurance Premium Tax Fund: The Insurance Premium Tax Fund, a major special revenue fund, had a \$96,738 fund balance increase in fiscal year 2018 from \$224,926 to \$321,664. Revenues in this fund increased by \$84,504 from the previous fiscal year. Expenditures increased by \$51,390 from the prior fiscal year. Expenditures in this fund are mainly for public safety (fire) and public works (road department).

EIP Fund (Employment Incentive Program): The EIP Fund is a major special revenue fund designed to offer low interest economic development loans to area businesses. There was a new loan made in fiscal year 2018 of \$400,000. The EIP fund had a decrease in fund balance of \$174,292 in fiscal year 2018 from \$298,950 to \$124,658. This decrease is related to the new loan made in 2018, offset by principal and interest collections on previous loans.

Other Nonmajor Governmental Funds: For fiscal year 2018, the nonmajor governmental funds reported combined ending fund balances of \$572,581, of which \$552,021 is restricted and \$20,560 is nonspendable.

PROPRIETARY FUNDS FINANCIAL ANALYSIS:

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

Solid Waste Fund: The Solid Waste Fund is a major fund with operating revenues of \$1,465,384 in fiscal year 2018, as compared to \$1,314,312 in fiscal year 2017. Operating expenses of \$1,348,229 were recorded in fiscal year 2018, as compared to \$1,198,255 in fiscal year 2017.

Hart County Industrial Building Authority ("IBA"): Under Governmental Accounting Standards Board ("GASB") Statement No. 61, the County is required to report IBA as a blended component unit beginning in fiscal year 2013. IBA had operating revenues of \$400,000 and operating expenses of \$229,718 in fiscal year 2018, as compared to \$736,500 and \$1,214,135, respectively, in fiscal year 2017. The decrease in both revenues and expenditures is due mainly to a \$600,000 pass-through grant and lease purchase project costs in the prior fiscal year.

Joint Development Authority of Franklin, Hart and Stephens ("JDA"): Under GASB Statement No. 61, the County is required to report JDA as a blended component unit beginning in fiscal year 2014. JDA had operating revenues of \$25,850 and operating expenses of \$105,819 in fiscal year 2018, as compared to \$25,850 and \$105,006, respectively, in fiscal year 2017.

Hart County Water and Sewer Authority ("HCWSA"): Under GASB Statement No. 61, the County is required to report HCWSA as a blended component unit beginning in fiscal year 2014. HCWSA had operating revenues of \$1,429,530 and operating expenses of \$1,468,811 in fiscal year 2018, as compared to \$1,373,042 and \$1,402,022, respectively, in fiscal year 2017.

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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CAPITAL ASSETS AND NONCURRENT LIABILITIES:

**Hart County, Georgia
Summary Schedules of Capital Assets, Net of Depreciation
September 30, 2018 and 2017
(\$ in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,264	\$ 1,264	\$ 4,904	\$ 4,893	\$ 6,168	\$ 6,157
Construction in progress	1,431	1,220	193	61	1,624	1,281
Buildings	7,221	7,301	175	192	7,396	7,493
Machinery and equipment	2,227	2,282	274	284	2,501	2,566
Vehicles	2,551	2,709	43	32	2,594	2,741
Water and sewer lines	-	-	19,345	19,353	19,345	19,353
Infrastructure	28,546	28,312	3,329	3,414	31,875	31,726
Recreational upgrades	2,548	2,607	-	-	2,548	2,607
Total capital assets, net	<u>\$ 45,788</u>	<u>\$ 45,695</u>	<u>\$ 28,263</u>	<u>\$ 28,229</u>	<u>\$ 74,051</u>	<u>\$ 73,924</u>

Capital Assets: Hart County, Georgia's investment in capital assets at September 30, 2018 for the primary government amounted to \$74,051,155, net of accumulated depreciation, as compared to \$73,923,533 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 0.2% increase in capital assets for the current fiscal year was mainly related to current year depreciation, offset by current year additions as described below.

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

- Buildings
- Vehicles, including police and jail vehicles
- Machinery and equipment
- Various road and water system infrastructure projects

Noncurrent Liabilities: Noncurrent liabilities of the primary government decreased by \$609,261 during fiscal year 2018, mainly due to reduced current maturities on notes payable, offset by additional liabilities for compensated absences.

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

**HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2018**

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ECONOMIC FORECAST:

Prior to the recent "great recession", Hart County suffered significant job losses due to the offshoring of lower skilled jobs. In response, the County refocused efforts on workforce development, education, and investment in infrastructure necessary for economic development. The unemployment rate in Hart County peaked at 14.4% in June 2009, but has been significantly reduced to 3.0% as of November 2018.

Hart County has been a leader on workforce development for promoting a stronger economic future. Hart County was one of the first counties in the State of Georgia to be fully workforce ready certified under the WorkKeys program. The County has focused on education through partnerships with the Board of Education and technical colleges, and is only one of eight counties to have a direct partnership with the University of Georgia through their innovative Archway Partnership. Hart County's high school graduation rate has steadily increased over the last few years from 57% in 2005 to 95.1% in 2018, which far exceeds the State of Georgia graduation rate of 81.6%.

Hart County has made significant investments in infrastructure for economic development including development of a 150-acre industrial park at Interstate 85 that has been so successful the County has tripled the size to 450 acres with over one mile of Interstate 85 road frontage as well as focusing on the existing Highway 29 industrial park near Hartwell. The County has focused on recruiting higher skilled jobs with a net result of increasing manufacturing wages by 20% to 25% over the next five-year period. Economic development efforts in both industrial parks as well as assisting already established businesses have secured approximately 3,000 new jobs and more than 600 million dollars in new development within the County.

The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the fiscal year 2019 budget.

(1) The overall tax digest has decreased from its peak in 2009 due to the collapse of the real estate market along with assessment irregularities experienced during the period from 2009 through 2012. The tax revenues have not been impacted significantly due to the revenue neutral millage calculation restrictions. In addition, the County is beginning to experience a slight increase in the net value through new construction from industry and residential expansion that is occurring in the County. These factors will result in a positive impact on property tax revenues through growth rather than an increased tax burden.

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

(3) With the upturn in the overall economy, interest rates are expected to rise slightly in fiscal year 2019. The County focuses its cash reserves in stable interest-bearing vehicles. This also helps in a small way to lessen the property tax burden.

REQUESTS FOR INFORMATION:

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

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Basic Financial Statements

HART COUNTY, GEORGIA

STATEMENT OF NET POSITION

September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,376,954	\$ 2,160,762	\$ 11,537,716	\$ 408,053
Receivables (net of allowance for uncollectibles)	2,225,151	299,618	2,524,769	70,566
Intergovernmental receivables	106,551	-	106,551	-
Inventory	134,641	31,836	166,477	-
Internal balances	666	(666)	-	-
Prepaid items	258,995	18,742	277,737	2,587
Current portion of restricted cash	1,417,021	28,355	1,445,376	31,440
Note receivables	902,010	-	902,010	-
Total current assets	14,421,989	2,538,647	16,960,636	512,646
Noncurrent assets				
Capital assets				
Non-depreciable	2,694,638	5,097,146	7,791,784	-
Depreciable, net	43,093,238	23,166,133	66,259,371	83,914
Restricted cash, less current portion	-	691,530	691,530	-
Total noncurrent assets	45,787,876	28,954,809	74,742,685	83,914
Total assets	60,209,865	31,493,456	91,703,321	596,560
DEFERRED OUTFLOWS OF RESOURCES				
Proportionate share of deferred pension outflows	-	-	-	207,798
Total deferred outflows of resources	-	-	-	207,798
Total assets and deferred outflows of resources	60,209,865	31,493,456	91,703,321	804,358
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
LIABILITIES				
Current liabilities				
Accounts payable	1,946,453	172,204	2,118,657	5,209
Other accrued items	102,746	44,737	147,483	-
Customer deposits	2,000	134,924	136,924	-
Compensated absences	454,516	9,408	463,924	22,000
Current portion of notes payable	-	586,962	586,962	-
Current portion of landfill postclosure costs	-	51,988	51,988	-
Total current liabilities	2,505,715	1,000,223	3,505,938	27,209
Noncurrent liabilities				
Compensated absences, less current portion	287,978	10,570	298,548	18,672
Net pension liability	-	-	-	641,255
Net OPEB liability	-	-	-	360,759
Notes payable, less current portion	-	4,796,986	4,796,986	-
Landfill postclosure care costs, less current portion	-	20,767	20,767	-
Total noncurrent liabilities	287,978	4,828,323	5,116,301	1,020,686
Total liabilities	2,793,693	5,828,546	8,622,239	1,047,895
DEFERRED INFLOWS OF RESOURCES				
Proportionate share of deferred pension inflows	-	-	-	38,053
Total deferred inflows of resources	-	-	-	38,053
Total liabilities and deferred inflows of resources	2,793,693	5,828,546	8,622,239	1,085,948
NET POSITION				
Net investment in capital assets	45,787,876	22,860,608	68,648,484	83,914
Restricted for				
Public safety	482,691	-	482,691	-
Economic development	124,658	-	124,658	-
Health and welfare	322,997	-	322,997	-
Judicial	16,968	-	16,968	-
Recreation and culture	-	-	-	31,440
Housing and development	26,543	-	26,543	-
Capital projects	3,902,450	559,081	4,461,531	-
Debt service	-	160,804	160,804	-
Unrestricted	6,751,989	2,084,417	8,836,406	(396,944)
Total net position	\$ 57,416,172	\$ 25,664,910	\$ 83,081,082	\$ (281,590)

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

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,021,172	\$ 87,693	\$ 54,298	\$ -	\$ (1,879,181)	\$ -	\$ (1,879,181)	\$ -
Judicial	1,101,818	682,328	-	-	(419,490)	-	(419,490)	-
Public health and welfare	400,046	129,031	57,847	-	(213,168)	-	(213,168)	-
Public safety	7,783,529	1,583,585	82,894	8,584	(6,108,466)	-	(6,108,466)	-
Public works	4,264,157	-	75,875	1,198,648	(2,989,634)	-	(2,989,634)	-
Recreation and culture	490,366	34,633	601	472,253	17,121	-	17,121	-
Housing and development	476,089	16,698	-	-	(459,391)	-	(459,391)	-
Total governmental activities	<u>16,537,177</u>	<u>2,533,968</u>	<u>271,515</u>	<u>1,679,485</u>	<u>(12,052,209)</u>	<u>-</u>	<u>(12,052,209)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,348,229	1,423,245	42,139	-	-	117,155	117,155	-
IBA	330,251	-	400,000	-	-	69,749	69,749	-
JDA	119,041	-	25,850	-	-	(93,191)	(93,191)	-
HCWSA	1,484,309	1,424,002	5,528	-	-	(54,779)	(54,779)	-
Total business-type activities	<u>3,281,830</u>	<u>2,847,247</u>	<u>473,517</u>	<u>-</u>	<u>-</u>	<u>38,934</u>	<u>38,934</u>	<u>-</u>
Total primary government	<u>\$ 19,819,007</u>	<u>\$ 5,381,215</u>	<u>\$ 745,032</u>	<u>\$ 1,679,485</u>	<u>\$ (12,052,209)</u>	<u>\$ 38,934</u>	<u>\$ (12,013,275)</u>	<u>\$ -</u>
Component units	<u>\$ 941,219</u>	<u>\$ 237,428</u>	<u>\$ 759,301</u>	<u>\$ 7,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,445</u>
General revenues								
Real and personal property taxes					6,724,879	-	6,724,879	-
Motor vehicle taxes and title fees					895,160	-	895,160	-
Sales taxes					5,333,426	-	5,333,426	-
Other taxes					1,222,238	-	1,222,238	-
Alcoholic beverage taxes					72,707	-	72,707	-
Investment earnings					142,967	8,572	151,539	1,354
Miscellaneous					44,515	-	44,515	-
Total general revenues					<u>14,435,892</u>	<u>8,572</u>	<u>14,444,464</u>	<u>1,354</u>
Transfers					<u>(1,062,072)</u>	<u>1,093,744</u>	<u>31,672</u>	<u>-</u>
Total general revenues and transfers					<u>13,373,820</u>	<u>1,102,316</u>	<u>14,476,136</u>	<u>1,354</u>
Change in net position					1,321,611	1,141,250	2,462,861	64,799
Net position, beginning of year					<u>56,094,561</u>	<u>24,523,660</u>	<u>80,618,221</u>	<u>(64,721)</u>
Net position, end of year					<u>\$ 57,416,172</u>	<u>\$ 25,664,910</u>	<u>\$ 83,081,082</u>	<u>\$ (281,590)</u>

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

**HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOKS & COMPANY, LLP

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #4	SPLOST #5	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
ASSETS									
Cash and cash equivalents	\$4,432,991	-	\$ -	\$2,777,833	\$1,186,765	\$ 358,960	\$ 111,667	\$ 508,738	\$ 9,376,954
Inventory	88,916	-	-	45,725	-	-	-	-	134,641
Receivables (net of allowance for uncollectibles)	1,870,025	-	-	-	269,994	-	12,991	72,141	2,225,151
Intergovernmental receivables	106,551	-	-	-	-	-	-	-	106,551
Due from other funds	23,481	-	-	-	-	-	-	-	23,481
Prepaid items	213,949	-	-	-	-	24,486	-	20,560	258,995
Restricted cash	-	1,417,021	-	-	-	-	-	-	1,417,021
Total assets	\$6,735,913	\$1,417,021	\$ -	\$2,823,558	\$1,456,759	\$ 383,446	\$ 124,658	\$ 601,439	\$ 13,542,794
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 133,743	\$1,160,413	\$ -	\$ 505,034	\$ 77,814	\$ 46,748	-	\$ 22,701	\$ 1,946,453
Other accrued liabilities	98,468	-	-	-	-	1,629	-	2,649	102,746
Due to other funds	-	5,902	-	-	-	13,405	-	3,508	22,815
Customer deposits	2,000	-	-	-	-	-	-	-	2,000
Total liabilities	234,211	1,166,315	-	505,034	77,814	61,782	-	28,858	2,074,014
Deferred inflows of resources									
Unavailable revenue - property taxes	175,231	-	-	-	-	-	-	-	175,231
Total deferred inflows of resources	175,231	-	-	-	-	-	-	-	175,231
Fund balances									
Nonspendable inventory and prepaid items	302,865	-	-	45,725	-	24,486	-	20,560	393,636
Restricted for:									
Public safety	-	-	-	-	-	297,178	-	185,513	482,691
Economic development	-	-	-	-	-	-	124,658	-	124,658
Health and welfare	-	-	-	-	-	-	-	322,997	322,997
Judicial	-	-	-	-	-	-	-	16,968	16,968
Housing and development	-	-	-	-	-	-	-	26,543	26,543
Capital projects	-	250,706	-	2,272,799	1,378,945	-	-	-	3,902,450
Unassigned	6,023,606	-	-	-	-	-	-	-	6,023,606
Total fund balances	6,326,471	250,706	-	2,318,524	1,378,945	321,664	124,658	572,581	11,293,549
Total liabilities, deferred inflows of resources and fund balances	\$6,735,913	\$1,417,021	\$ -	\$2,823,558	\$1,456,759	\$ 383,446	\$ 124,658	\$ 601,439	\$ 13,542,794

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

**HART COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
For the Year Ended September 30, 2018**

**DRAFT
FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP**

Total fund balance of governmental funds **\$ 11,293,549**

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

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

Notes receivable	\$ 913,383	
Less 60-day collections reported as a receivable at the fund level	<u>(11,373)</u>	
		902,010

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

Land	1,263,595	
Construction in progress	1,431,043	
Buildings	10,282,161	
Machinery, equipment and other	5,596,765	
Vehicles	5,943,513	
Infrastructure	63,287,734	
Recreational upgrades	3,030,564	
Less: accumulated depreciation	<u>(45,047,499)</u>	
Total capital assets		45,787,876

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

Property Taxes	175,231	
Unavailable revenue - property taxes		175,231

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

Compensated absences	<u>(742,494)</u>	
Compensated absences		<u>(742,494)</u>

Net position of governmental activities **\$ 57,416,172**

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

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

DRAFT
 FOR DISCUSSION PURPOSES ONLY
 BOUGHT, CROOKS & COMPANY, LLP

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #4	SPLOST #5	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
REVENUES									
Taxes	\$ 10,050,926	\$ -	\$ -	\$ 1,467,441	\$ 1,606,533	\$ 1,171,646	\$ -	\$ -	\$ 14,296,546
Licenses and permits	58,029	-	-	-	-	-	-	-	58,029
Intergovernmental	279,332	703,431	455,105	-	-	-	-	36	1,437,904
Fines and forfeitures	573,736	-	-	-	-	-	-	104,809	678,545
Charges for services	1,161,866	-	-	-	-	-	-	482,029	1,643,895
Investment earnings	84,009	16,085	-	45,196	3,753	11,441	26,126	5,306	191,916
Contributions and donations	-	472,000	-	-	-	-	-	-	472,000
Miscellaneous	183,499	-	-	-	-	-	204,172	6,662	394,333
Total revenues	12,391,397	1,191,516	455,105	1,512,637	1,610,286	1,183,087	230,298	598,842	19,173,168
EXPENDITURES									
Current									
General government	1,829,319	-	-	-	-	50,027	4,590	-	1,883,936
Judicial	1,086,734	-	-	-	-	-	-	11,921	1,098,655
Health and welfare	339,586	-	-	-	-	-	-	38,004	377,590
Public safety	6,594,630	15,555	-	39,942	-	446,661	-	732,962	7,829,750
Public works	1,048,332	-	-	33,026	-	589,661	-	-	1,671,019
Recreation and culture	387,297	253	-	3,900	-	-	-	-	391,450
Housing and development	152,896	-	-	2,490	-	-	400,000	-	555,386
Intergovernmental	-	-	287,563	261,453	231,341	-	-	-	780,357
Capital outlay	-	1,632,414	-	749,703	-	-	-	-	2,382,117
Total expenditures	11,438,794	1,648,222	287,563	1,090,514	231,341	1,086,349	404,590	782,887	16,970,260
Excess (deficiency) of revenues over (under) expenditures	952,603	(456,706)	167,542	422,123	1,378,945	96,738	(174,292)	(184,045)	2,202,908
OTHER FINANCING SOURCES									
Transfers out	(287,146)	-	(167,542)	(687,384)	-	-	-	-	(1,142,072)
Transfers in	-	-	-	-	-	-	-	80,000	80,000
Total other financing sources (uses)	(287,146)	-	(167,542)	(687,384)	-	-	-	80,000	(1,062,072)
Net change in fund balances	665,457	(456,706)	-	(265,261)	1,378,945	96,738	(174,292)	(104,045)	1,140,836
Fund balances, beginning of year	5,661,014	707,412	-	2,583,785	-	224,926	298,950	676,626	10,152,713
Fund balances, end of year	\$ 6,326,471	\$ 250,706	\$ -	\$ 2,318,524	\$ 1,378,945	\$ 321,664	\$ 124,658	\$ 572,581	\$ 11,293,549

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

HART COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018.

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Net changes in fund balances of governmental funds:

\$ 1,140,836

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

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

Expenditures for capital assets	\$ 2,777,010	
Depreciation expense	<u>(2,683,656)</u>	
Excess of capital outlay over depreciation expense		93,354

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

Note receivable issued	400,000	
Payments received	<u>(204,172)</u>	
Total note receivable issued, net of repayment proceeds		195,828

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 @ 9/30/18	(742,494)	
Liability @ 9/30/17	<u>682,223</u>	
Total increase in compensated absences		(60,271)

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

Deferred revenue at 9/30/18	175,231	
Deferred revenue at 9/30/17	<u>(223,367)</u>	
Total decrease in deferred revenue		<u>(48,136)</u>

Change in net position of governmental activities

\$ 1,321,611

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HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

DRAFT
FOR DISCUSSION PURPOSES ONLY
BURCH, CROOKS & COMPANY, LLP

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 626,857	\$ 642,715	\$ 42,303	\$ 848,887	\$ 2,160,762
Receivables (net of allowance for uncollectibles)	109,460	14,624	1,825	173,709	299,618
Inventory	18,610	-	-	13,226	31,836
Prepaid items	-	3,443	271	15,028	18,742
Current portion of restricted cash	-	-	22,294	6,061	28,355
Total current assets	<u>754,927</u>	<u>660,782</u>	<u>66,693</u>	<u>1,056,911</u>	<u>2,539,313</u>
Noncurrent assets					
Capital assets, non-depreciable					
Land	-	3,524,961	1,309,359	69,649	4,903,969
Construction in progress	-	-	-	193,177	193,177
Total non-depreciable capital assets at cost	<u>-</u>	<u>3,524,961</u>	<u>1,309,359</u>	<u>262,826</u>	<u>5,097,146</u>
Capital assets, depreciable					
Buildings	252,685	-	-	-	252,685
Machinery, equipment and other	596,992	7,734	31,374	121,584	757,684
Vehicles	113,180	-	-	20,743	133,923
Water and sewer lines	-	-	-	23,451,195	23,451,195
Infrastructure	-	-	4,230,343	-	4,230,343
Less: accumulated depreciation	(538,527)	(6,188)	(921,151)	(4,193,831)	(5,659,697)
Total depreciable capital assets, net	<u>424,330</u>	<u>1,546</u>	<u>3,340,566</u>	<u>19,399,691</u>	<u>23,166,133</u>
Restricted cash, less current portion	-	691,530	-	-	691,530
Total noncurrent assets	<u>424,330</u>	<u>4,218,037</u>	<u>4,649,925</u>	<u>19,662,517</u>	<u>28,954,809</u>
Total assets	<u>1,179,257</u>	<u>4,878,819</u>	<u>4,716,618</u>	<u>20,719,428</u>	<u>31,494,122</u>
LIABILITIES					
Current liabilities					
Accounts payable	73,579	6,510	1,084	91,031	172,204
Other accrued liabilities	2,658	6,841	20,726	14,512	44,737
Due to other funds	666	-	-	-	666
Customer deposits	-	-	-	134,924	134,924
Compensated absences	5,422	-	-	3,986	9,408
Current portion of notes payable	-	41,062	41,441	504,459	586,962
Current portion of landfill postclosure care costs	51,988	-	-	-	51,988
Total current liabilities	<u>134,313</u>	<u>54,413</u>	<u>63,251</u>	<u>748,912</u>	<u>1,000,889</u>
Noncurrent liabilities					
Compensated absences, less current portion	6,964	-	-	3,606	10,570
Notes payable, less current portion	-	2,812,520	406,922	1,577,544	4,796,986
Landfill postclosure care costs, less current portion	20,767	-	-	-	20,767
Total noncurrent liabilities	<u>27,731</u>	<u>2,812,520</u>	<u>406,922</u>	<u>1,581,150</u>	<u>4,828,323</u>
Total liabilities	<u>162,044</u>	<u>2,866,933</u>	<u>470,173</u>	<u>2,330,062</u>	<u>5,829,212</u>
NET POSITION					
Net investment in capital assets	424,330	672,925	4,201,562	17,561,791	22,860,608
Restricted					
Capital projects	-	551,250	7,831	-	559,081
Debt service	-	140,280	14,463	6,061	160,804
Unrestricted	<u>592,883</u>	<u>647,431</u>	<u>22,589</u>	<u>821,514</u>	<u>2,084,417</u>
Total net position	<u>\$ 1,017,213</u>	<u>\$ 2,011,886</u>	<u>\$ 4,246,445</u>	<u>\$ 18,389,366</u>	<u>\$ 25,664,910</u>

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOKS & COMPANY, LLP

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
OPERATING REVENUES					
Taxes	\$ 50	\$ -	\$ -	\$ -	\$ 50
Intergovernmental	42,139	-	7,000	-	49,139
Charges for services	1,423,181	-	-	1,424,002	2,847,183
Other operating revenues	14	400,000	18,850	5,528	424,392
Total operating revenues	<u>1,465,384</u>	<u>400,000</u>	<u>25,850</u>	<u>1,429,530</u>	<u>3,320,764</u>
OPERATING EXPENSES					
Personnel services	409,832	129,004	-	171,827	710,663
Professional services	175	39,722	8,280	48,898	97,075
Purchased property services	1,722	2,468	7,120	82,687	93,997
Other purchased services	834,254	51,391	3,485	84,403	973,533
Supplies and other	77,517	6,746	1,327	590,961	676,551
Depreciation	24,729	387	85,607	490,035	600,758
Total operating expenses	<u>1,348,229</u>	<u>229,718</u>	<u>105,819</u>	<u>1,468,811</u>	<u>3,152,577</u>
Operating income (loss)	<u>117,155</u>	<u>170,282</u>	<u>(79,969)</u>	<u>(39,281)</u>	<u>168,187</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest expense	-	(100,533)	(13,222)	(11,848)	(125,603)
Loan origination fees	-	-	-	(3,650)	(3,650)
Investment earnings	7,291	546	13	722	8,572
Total non-operating revenues (expenses)	<u>7,291</u>	<u>(99,987)</u>	<u>(13,209)</u>	<u>(14,776)</u>	<u>(120,681)</u>
Change in net position before transfers	124,446	70,295	(93,178)	(54,057)	47,506
Transfers in	-	372,528	51,089	670,127	1,093,744
Transfers out	-	-	-	-	-
Change in net position	124,446	442,823	(42,089)	616,070	1,141,250
Net position, beginning of year	<u>892,767</u>	<u>1,569,063</u>	<u>4,288,534</u>	<u>17,773,296</u>	<u>24,523,660</u>
Net position, end of year	<u>\$ 1,017,213</u>	<u>\$ 2,011,886</u>	<u>\$ 4,246,445</u>	<u>\$ 18,389,366</u>	<u>\$ 25,664,910</u>

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

DRAFT
FOR DISCUSSION PURPOSES ONLY
BURCH, CROOKS & COMPANY, LLP

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
Cash flows from operating activities:					
Cash received from customers	\$ 1,447,340	\$ -	\$ 18,850	\$ 1,420,931	\$ 2,887,121
Other operating receipts	42,189	400,000	5,175	5,528	452,892
Cash payments to suppliers for goods and services	(912,873)	(185,709)	(21,707)	(805,187)	(1,925,476)
Cash payments to employees for services	(408,581)	-	-	(167,420)	(576,001)
Net cash provided by (used in) operating activities	<u>168,075</u>	<u>214,291</u>	<u>2,318</u>	<u>453,852</u>	<u>838,536</u>
Cash flows from non-capital financing activities:					
Transfers in for operations	-	163,186	11,400	-	174,586
Net cash provided by non-capital financing activities	<u>-</u>	<u>163,186</u>	<u>11,400</u>	<u>-</u>	<u>174,586</u>
Cash flows from capital and related financing activities:					
Decrease in landfill closure/postclosure care costs	(51,988)	-	-	-	(51,988)
Principal paid on notes payable	-	(92,152)	(45,079)	(489,740)	(626,971)
Interest paid on notes payable	-	(100,628)	(13,360)	(12,008)	(125,996)
Loan origination fees paid on capital debt	-	-	-	(3,650)	(3,650)
Transfers in for capital assets	-	-	-	162,433	162,433
Transfers in for capital debt service	-	192,780	39,689	489,740	722,209
Acquisition and construction of capital assets	-	(10,500)	-	(592,938)	(603,438)
Net cash provided by (used in) capital and related financing activities	<u>(51,988)</u>	<u>(10,500)</u>	<u>(18,750)</u>	<u>(446,163)</u>	<u>(527,401)</u>
Cash flows from investing activities:					
Interest received on investments	7,291	498	13	722	8,524
Net cash provided by (used in) investing activities	<u>7,291</u>	<u>498</u>	<u>13</u>	<u>722</u>	<u>8,524</u>
Net increase (decrease) in cash and cash equivalents	123,378	367,475	(5,019)	8,411	494,245
Cash and cash equivalents, beginning of year	503,479	966,770	69,616	846,537	2,386,402
Cash and cash equivalents, end of year	<u>\$ 626,857</u>	<u>\$ 1,334,245</u>	<u>\$ 64,597</u>	<u>\$ 854,948</u>	<u>\$ 2,880,647</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 117,155	\$ 170,282	\$ (79,969)	\$ (39,281)	\$ 168,187
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	24,729	387	85,607	490,035	600,758
Decrease (increase) in accounts receivable for operations	24,145	37,000	(1,825)	(17,227)	42,093
Decrease (increase) in inventory	(4,699)	-	-	4,437	(262)
Decrease (increase) in prepaid expenses	-	11,465	-	(216)	11,249
Increase (decrease) in accounts payable for operations	11,508	(4,843)	(1,495)	(847)	4,323
Increase (decrease) in due to other funds	(6,014)	-	-	-	(6,014)
Increase (decrease) in compensated absences	1,333	-	-	2,398	3,731
Increase (decrease) in other accrued expenses	(82)	-	-	(1,086)	(1,168)
Increase (decrease) in customer water deposits	-	-	-	15,639	15,639
Total adjustments	<u>50,920</u>	<u>44,009</u>	<u>82,287</u>	<u>493,133</u>	<u>670,349</u>
Net cash provided by (used in) operating activities	<u>\$ 168,075</u>	<u>\$ 214,291</u>	<u>\$ 2,318</u>	<u>\$ 453,852</u>	<u>\$ 838,536</u>
Reconciliation of cash and cash equivalents to proprietary funds Statement of Net Position:					
Cash and cash equivalents per Statement of Cash Flows	\$ 626,857	\$ 1,334,245	\$ 64,597	\$ 854,948	\$ 2,880,647
Current portion of restricted cash	-	-	(22,294)	(6,061)	(28,355)
Restricted cash, less current portion	-	(691,530)	-	-	(691,530)
Cash and cash equivalents per Statement of Net Position	<u>\$ 626,857</u>	<u>\$ 642,715</u>	<u>\$ 42,303</u>	<u>\$ 848,887</u>	<u>\$ 2,160,762</u>

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

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2018

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BURCH, CROOKS & COMPANY, LLP

	<u>Agency Funds Total</u>
ASSETS	
Cash	\$ 1,484,711
Taxes receivable	<u>630,897</u>
Total assets	<u>\$ 2,115,608</u>
LIABILITIES	
Due to others	<u>\$ 2,115,608</u>
Total liabilities	<u>\$ 2,115,608</u>

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOME & COMPANY, LLP

	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 64,145	\$ 343,908	\$ 408,053
Receivables (net of allowance for uncollectibles)	6,386	64,180	70,566
Prepaid items	2,587	-	2,587
Restricted cash and investments	31,440	-	31,440
Capital assets			
Machinery, equipment, and other	140,658	19,676	160,334
Books and collections	422,039	-	422,039
Less: accumulated depreciation	(488,088)	(10,371)	(498,459)
Capital assets, net of depreciation	<u>74,609</u>	<u>9,305</u>	<u>83,914</u>
Deferred outflows of resources			
Proportionate share of deferred pension outflows	51,615	156,183	207,798
Total deferred outflows of resources	<u>51,615</u>	<u>156,183</u>	<u>207,798</u>
Total assets and deferred outflows of resources	<u>230,782</u>	<u>573,576</u>	<u>804,358</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities			
Accounts payable	3,389	1,820	5,209
Compensated absences due within one year	-	22,000	22,000
Non-current liabilities			
Compensated absences due after one year	-	18,672	18,672
Net pension liability	217,820	423,435	641,255
Net OPEB liability	-	360,759	360,759
Deferred inflows of resources			
Proportionate share of deferred pension inflows	4,820	33,233	38,053
Total deferred outflows of resources	<u>4,820</u>	<u>33,233</u>	<u>38,053</u>
Total liabilities and deferred inflows of resources	<u>226,029</u>	<u>859,919</u>	<u>1,085,948</u>
NET POSITION			
Investment in capital assets	74,609	9,305	83,914
Restricted for			
Children's reading books	31,440	-	31,440
Unrestricted	<u>(101,296)</u>	<u>(295,648)</u>	<u>(396,944)</u>
Total net position	<u>\$ 4,753</u>	<u>\$ (286,343)</u>	<u>\$ (281,590)</u>

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

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

**HART COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2018**

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	<u>Hart County Library</u>	<u>Hart County Health Department</u>	<u>Total</u>
Expenses			
Public health and welfare	\$ -	\$ 623,138	\$ 623,138
Recreation and culture	318,488	-	318,488
Total expenses	<u>318,488</u>	<u>623,138</u>	<u>941,626</u>
Program revenues			
Charges for services	12,924	224,504	237,428
Operating grants and contributions	270,149	489,152	759,301
Capital grants and contributions	7,935	-	7,935
Total program revenues	<u>291,008</u>	<u>713,656</u>	<u>1,004,664</u>
Net (expense) revenue	<u>(27,480)</u>	<u>90,518</u>	<u>63,038</u>
General revenues			
Investment earnings	1,354	-	1,354
Miscellaneous and other	407	-	407
Total general revenues	<u>1,761</u>	<u>-</u>	<u>1,761</u>
Change in net position	(25,719)	90,518	64,799
Net position, beginning	30,472	(95,193)	(64,721)
Prior period adjustment	-	(281,668)	(281,668)
Net position, ending	<u>\$ 4,753</u>	<u>\$ (286,343)</u>	<u>\$ (281,590)</u>

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

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Notes to the Financial Statements

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) Reporting Entity

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

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

Blended Component Units:

Hart County Industrial Building Authority

The Hart County Industrial Building Authority (the "IBA") was created in 1963 to encourage and promote the expansion and development of industrial and commercial facilities in Hart County, Georgia, so as to relieve possible unemployment within its boundaries. IBA has five board members: The Chairman of the Hart County Board of Commissioners, the Mayor of the City of Hartwell, the President of the Hart County Chamber of Commerce, and two members appointed for five-year terms by the other three members. IBA is dependent upon the County for funding its long-term obligations. IBA has a December 31 year-end, and the financial statements included herein are as of and for the year ended December 31, 2017. Complete financial statements for the IBA can be obtained from the Hart County Industrial Building Authority, P.O. Box 156, Hartwell, Georgia 30643.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Blended Component Units (Continued):

Joint Development Authority of Franklin, Hart and Stephens Counties

The Joint Development Authority of Franklin, Hart and Stephens Counties (the "JDA") is a public body, corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. JDA has been authorized by the General Assembly of Georgia and has been created and activated by concurrent resolutions of the Boards of Commissioners of said counties duly filed with the Secretary of State of Georgia as a joint development authority under O.C.G.A. 36-62.5.1. The purpose of JDA is to promote the economic development of the geographical areas of its operation, encourage cooperation among economic development organizations within the area of the participating counties and to exercise all the powers granted to a development authority pursuant to the provisions of O.C.G.A. 36-62-1 et seq. JDA has received a substantial amount of its funding from Hart County. Under GASB Statement 61, the County is required to report JDA as a blended component unit due to the County's guarantee of debt issued to JDA. JDA has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2018. Complete financial statements of JDA can be obtained from the Joint Development Authority of Franklin, Hart and Stephens Counties, P.O. Box 793, Hartwell, Georgia 30643.

Hart County Water and Sewer Authority

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

Discretely Presented Component Units:

Hart County Health Department

The Hart County Health Department (the "Health Department") serves all citizens of Hart County and operates as one of 18 county health departments under the Georgia Department of Public Health. The Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The Health Department is responsible for the overall coordination of local health activities in Hart County, Georgia to include immunizations, communicable diseases, children and women's health, and environmental health, unless a matter falls under the jurisdiction of other agencies. The Health Department is governed by the County Board of Health, a seven-member board of which a voting majority is appointed by the County and includes at least one member of the Hart County Board of Commissioners. The Health Department is funded by the state of Georgia and the County under the Grant-in-Aid provisions. The Hart County Board of Commissioners approves the Health Department's budget. The Health Department has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2018. Complete financial statements of the Health Department can be obtained from its administrative offices at 64 Reynolds Street, Hartwell, Georgia 30643.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
BURCH, GROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Discretely Presented Component Units (Continued):

Hart County Library

The Hart County Library (the "Library") serves all citizens of Hart County and operates pursuant to Official Code of Georgia Annotated Sections 20-5-40 through 20-5-59 to provide public library services with costs shared by participating local governmental agencies and grants from the state of Georgia. The Library Board consists of seven members appointed jointly by the Hart County Board of Commissioners, the Hartwell City Council and the Hart County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the state of Georgia for state and federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Library Board has the power to designate management, the power to retain unreserved fund balances of local and other funds for continued operations and is the lowest level of oversight responsibility for the Library's operations. The Hart County Board of Commissioners provides a substantial amount of financial support for the operations of the Library. The Library has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2018. Complete financial statements of the Library can be obtained from its administrative offices at 150 Benson Street, Hartwell, Georgia 30643.

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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BURCH, CROOKS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental Fund Financial Statements:

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Financial Statements (Continued):

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

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

The County reports the following major governmental funds:

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

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

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

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

SPLOST #5 Fund (capital projects fund): The SPLOST #5 Fund accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2017. Resources are to be used for infrastructure, industrial development, recreation, fire protection and other capital outlay projects.

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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BURCH, CROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund Financial Statements:

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

The County reports the following major proprietary funds:

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

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

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

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

Fiduciary Fund Financial Statements:

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

(D) Budgetary Data Control

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

The County does not use the encumbrance system of accounting.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, GROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Deposits and Investments

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

Georgia statutes authorize the County to invest in the following:

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

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

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

(F) Interfund Receivables and Payables

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

(G) Receivables

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

The major receivables for the County consist of property taxes receivable and receivables for the County's Emergency Medical Services department. Real and personal property taxes are levied after acceptance of the County's tax digest by the Georgia Department of Revenue. Property taxes for 2017, other than vehicles, were levied and mailed on October 19, 2017. The taxes were based on January 1, 2017 assessed values and were due on December 20, 2017, after which date liens can be attached. Motor vehicle taxes are assessed January 1, based on values on January 1; due dates are based on the birth date of the registered owner. A 10% late penalty and interest at a rate of 1% per month is assessed on taxes paid late.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) Receivables (Continued)

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

(H) Inventories and Prepaid Expenditures

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

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

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

(I) Capital Assets

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

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

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) Unearned Revenue

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

(K) Compensated Absences

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

(L) Noncurrent Liabilities

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

(M) Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will report a separate section for deferred outflows of resources when applicable. This separate section, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended September 30, 2018, the County did not have any items that qualify for reporting in this category, excluding blended component units.

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

(N) Fund Equity

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
BURCH, CROOKS & COMPANY, LLP

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

Net Position

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) Fund Equity (Continued)

Net Position (Continued)

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

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

(O) Management Estimates

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

(P) Subsequent Events

Subsequent events have been evaluated by management through August XX, 2019, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

HART COUNTY, GEORGIA
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NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

For the year ended September 30, 2018, the BOC authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain functional expenditures.

NOTE 3 - FINANCIAL ASSISTANCE TO DISCRETELY PRESENTED COMPONENT UNITS

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

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

NOTE 4 - DEPOSITS AND INVESTMENT RISK

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

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NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

The County's deposits are classified as follows at September 30, 2018:

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>2</u>		
Primary Government	\$ 1,546,917	\$ 12,417,024	\$ -	\$ 13,963,941	\$ 13,674,622
Discretely presented component units:					
Hart County Library	\$ 21,481	\$ 48,895	\$ -	\$ 70,376	\$ 64,145
Hart County Health Department	250,000	111,452	-	361,452	343,908
Total discretely presented component units	271,481	160,347	-	431,828	408,053
Total deposits	\$ 1,818,398	\$ 12,577,371	\$ -	\$ 14,395,769	\$ 14,082,675

Primary Government Cash and Cash Equivalents Reconciliation:

<u>Primary Government Fund Reporting Level</u>	<u>Cash and Cash Equivalents</u>
Governmental funds – Balance Sheet	\$ 9,376,954
Governmental funds – Balance Sheet (restricted)	1,417,021
Proprietary funds – Statement of Net Position	2,160,762
Proprietary funds – Statement of Net Position (restricted)	<u>719,885</u>
Total cash and cash equivalents	<u>\$ 13,674,622</u>

Credit Risk

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

Of the \$13,674,622 carrying amount of cash and cash equivalents for the primary government, \$10,846,426 is invested in the Local Government Investment Pool "Georgia Fund 1".

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

HART COUNTY, GEORGIA
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NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

Credit Risk (Continued)

Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. Funds included in this pool are not required to be collateralized. Total investments in Georgia Fund 1 as of September 30, 2018 are:

Georgia Fund I	AAAF rated by Standard & Poor's	\$ 10,846,426	10 day WAM
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On May 13, 2013, the Hart County Library, a discretely presented component unit, invested restricted funds of \$30,000 in a single premium deferred annuity contract through an insurance company with an A.M. Best rating of "A-" (excellent). As of June 30, 2018, the balance in the annuity was \$31,440. The amount invested in the annuity contract approximates fair value. The annuity contract does not comply with Georgia law for investment of funds.

Interest Rate Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized. At September 30, 2018, all deposits of the County were adequately insured or collateralized.

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

Non-cash Activity

The transfer of a sewer project from the County to HCWSA in the amount of \$17,954 was excluded from the Statement of Cash Flows for proprietary funds since it was not a cash equivalent.

NOTE 5 – RECEIVABLES

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – RECEIVABLES (CONTINUED)

Receivables at September 30, 2018 for the County's individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	SPLOST #5 Fund	EIP Fund	Other Nonmajor Funds	Total Governmental Funds
Receivables:					
Property taxes	\$ 200,013	\$ -	\$ -	\$ -	\$ 200,013
Accounts receivable	2,591,998	-	12,991	72,141	2,677,130
Intergovernmental	106,551	269,994	-	-	376,545
Total receivables, gross	2,898,562	269,994	12,991	72,141	3,253,688
Less: Allowance for uncollectibles	(921,986)	-	-	-	(921,986)
Total receivables, net	<u>\$ 1,976,576</u>	<u>\$ 269,994</u>	<u>\$ 12,991</u>	<u>\$ 72,141</u>	<u>\$ 2,331,702</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913,862</u>	<u>\$ -</u>	<u>\$ 913,862</u>

EIP Fund

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

During fiscal year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$145,000 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$1,400. As of September 30, 2018, the remaining balance of the note is \$4,608 with a current amount receivable of \$4,608.

During fiscal year 2011, the County received an Employment Incentive Grant of \$486,946. The County, in turn, made a loan to Ritz Instrument Transformers, Inc. to finance the purchase of equipment in the amount of \$470,000 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 monthly installments of \$6,210. The note was paid off during the fiscal year ended September 30, 2018.

During fiscal year 2013, the County entered into a second agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$327,488 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$4,360. As of September 30, 2018, the remaining balance of the note is \$61,562 with a current amount of \$50,467.

During fiscal year 2014, the County entered into an agreement with DSH Holdings, LLC, Lake Foods, LLC, and Wauka Mountain Foods, LLC to finance the purchase of equipment. The note receivable had an original principal balance of \$152,000 together with interest of 3.0% per annum. The note is being repaid in 120 monthly installments of \$1,503. As of September 30, 2018, the remaining balance of the note is \$99,020 with a current amount of \$14,532.

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NOTE 5 – RECEIVABLES (CONTINUED)

EIP Fund (Continued)

During fiscal year 2017, the County entered into a third agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$450,000 together with interest of 3.0% per annum. The note is being repaid in 84 monthly installments of \$5,946. As of September 30, 2018, the remaining balance of the note is \$357,171 with a current amount of \$60,716.

During fiscal year 2018, the County entered into a fourth agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable had an original principal balance of \$400,000 together with interest of 3.5% per annum. The note is being repaid in 120 monthly installments of \$3,909. As of September 30, 2018, the remaining balance of the note is \$391,501 with a current amount of \$34,228.

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

	<u>Library</u>	<u>Health Department</u>	<u>Total</u>
Accounts receivable	<u>\$ 6,386</u>	<u>\$ 64,180</u>	<u>\$ 70,566</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables as of September 30, 2018, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Insurance Premium Tax	General	\$ 13,405
Solid Waste	General	666
E-911	General	3,208
Multiple Grant	General	8,748
Health Care Services	General	<u>300</u>
		<u>\$ 26,327</u>

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

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

HART COUNTY, GEORGIA
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NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund transfers were recorded between the following funds:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
<i>Within governmental activities:</i>			
General	E-911	Budgeted shortfall	<u>\$ 80,000</u>
<i>Between governmental and business-type activities:</i>			
General	IBA	See (A) below	\$ 197,220
General	JDA	See (B) below	9,575
General	HCWSA	See (C) below	351
SPLOST #4	IBA	See (D) below	145,110
SPLOST #4	JDA	See (E) below	39,689
SPLOST #4	HCWSA	See (F) below	502,585
CDBG	HCWSA	See (G) below	<u>167,542</u>
			<u>\$ 1,062,072</u>

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

- (A) The General Fund transferred \$197,220 to IBA for operations. IBA has a December 31, 2017 year end, so the amount recorded as transferred in by IBA is \$179,748, resulting in an outstanding transfer timing difference of \$17,472.
- (B) The General Fund transferred \$9,575 to JDA for operations. JDA has a June 30, 2018 year end, so the amount recorded as transferred in by JDA is \$11,400, resulting in an outstanding transfer timing difference of \$(1,825).
- (C) The General Fund transferred \$351 to HCWSA for operations not yet accrued by HCWSA resulting in a timing difference of \$351.
- (D) The SPLOST #4 Fund transferred \$145,110 to IBA for improvements and payments on debt to purchase several parcels of land for the Gateway Industrial Park. Due to the December 31, 2017 year end, the amount recorded as a transfer in by IBA is \$192,780 resulting in an outstanding transfer timing difference of \$(47,670).
- (E) The SPLOST #4 Fund transferred \$39,689 to JDA for payments on debt to purchase land for the Gateway Industrial Park.
- (F) The SPLOST #4 Fund transferred \$502,585 to HCWSA for capital projects and payments on debt related to waterline expansion.
- (G) The CDBG Fund transferred \$167,542 to HCWSA for capital projects related to waterline expansion.

Following is a summary of outstanding transfer timing differences between transfers out per the primary government and transfers in per the blended component units:

IBA	\$ (30,198)
JDA	(1,825)
HCWSA	<u>351</u>
	<u>\$ (31,672)</u>

HART COUNTY, GEORGIA
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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Reclassifications and Retirements	Ending Balance
Primary Government:				
Governmental activities:				
Non-depreciable assets:				
Land and improvements	\$ 1,263,595	\$ -	\$ -	\$ 1,263,595
Construction in progress	1,219,999	211,479	(435)	1,431,043
Total non-depreciable capital assets	<u>2,483,594</u>	<u>211,479</u>	<u>(435)</u>	<u>2,694,638</u>
Depreciable assets:				
Buildings	10,201,324	80,837	-	10,282,161
Machinery, equipment and other	5,471,742	125,023	-	5,596,765
Vehicles	5,820,520	122,993	-	5,943,513
Infrastructure	61,050,621	2,236,678	435	63,287,734
Recreational upgrades	3,030,564	-	-	3,030,564
Total depreciable capital assets	<u>85,574,771</u>	<u>2,565,531</u>	<u>435</u>	<u>88,140,737</u>
Less accumulated depreciation for:				
Buildings	(2,900,534)	(160,540)	-	(3,061,074)
Machinery, equipment and other	(3,190,081)	(179,729)	-	(3,369,810)
Vehicles	(3,110,959)	(281,194)	-	(3,392,153)
Infrastructure	(32,738,277)	(2,003,242)	-	(34,741,519)
Recreational upgrades	(423,992)	(58,951)	-	(482,943)
Total accumulated depreciation	<u>(42,363,843)</u>	<u>(2,683,656)</u>	<u>-</u>	<u>(45,047,499)</u>
Total depreciable capital assets, net	<u>43,210,928</u>	<u>(118,125)</u>	<u>435</u>	<u>43,093,238</u>
Governmental activities capital assets, net	<u>\$45,694,522</u>	<u>\$ 93,354</u>	<u>\$ -</u>	<u>\$ 45,787,876</u>
Business-type activities:				
Non-depreciable assets:				
Land and improvements	\$ 4,893,469	\$ 10,500	\$ -	\$ 4,903,969
Construction in progress	60,937	172,088	(39,848)	193,177
Total non-depreciable capital assets	<u>4,954,406</u>	<u>182,588</u>	<u>(39,848)</u>	<u>5,097,146</u>
Depreciable assets:				
Buildings	252,685	-	-	252,685
Machinery, equipment and other	757,684	-	-	757,684
Vehicles	113,180	20,743	-	133,923
Water and sewer lines	22,979,652	431,695	39,848	23,451,195
Infrastructure	4,230,343	-	-	4,230,343
Total depreciable capital assets	<u>28,333,544</u>	<u>452,438</u>	<u>39,848</u>	<u>28,825,830</u>
Less accumulated depreciation for:				
Buildings	(60,942)	(8,333)	(8,333)	(77,608)
Machinery, equipment and other	(473,162)	(22,549)	12,106	(483,605)
Vehicles	(81,166)	(5,847)	(3,773)	(90,786)
Water and sewer lines	(3,626,907)	(479,423)	-	(4,106,330)
Infrastructure	(816,762)	(84,606)	-	(901,368)
Total accumulated depreciation	<u>(5,058,939)</u>	<u>(600,758)</u>	<u>-</u>	<u>(5,659,697)</u>
Total depreciable capital assets, net	<u>23,274,605</u>	<u>(148,320)</u>	<u>39,848</u>	<u>23,166,133</u>
Business-type activities capital assets, net	<u>\$28,229,011</u>	<u>\$ 34,268</u>	<u>\$ -</u>	<u>\$ 28,263,279</u>

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NOTE 7 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units:

Hart County Health Department

Capital asset activity for the Health Department for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 9,881	\$ 9,795	\$ -	\$ 19,676
Less accumulated depreciation	(9,881)	(490)	-	(10,371)
Capital assets, net	<u>\$ -</u>	<u>\$ 9,305</u>	<u>\$ -</u>	<u>\$ 9,305</u>

Hart County Library

Capital asset activity for the Library for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable assets:				
Machinery, equipment and other	\$ 136,116	\$ 4,542	\$ -	\$ 140,658
Books and collections	438,081	10,844	(26,886)	422,039
Less accumulated depreciation for:				
Machinery, equipment and other	(89,800)	(9,334)	-	(99,134)
Books and collections	(402,241)	(13,599)	26,886	(388,954)
Capital assets, net	<u>\$ 82,156</u>	<u>\$ (7,547)</u>	<u>\$ -</u>	<u>\$ 74,609</u>

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

Primary Government:

Governmental activities:

General government	\$ 110,623
Housing and development	33,140
Judicial	6,283
Public health and welfare	22,129
Public safety	322,823
Public works	2,089,984
Recreation and culture	98,674
Total depreciation expense - governmental activities	<u>\$ 2,683,656</u>

Business-type activities:

Solid waste	\$ 24,729
Hart County Industrial Building Authority	387
Joint Development Authority of Franklin, Hart and Stephens Counties	85,607
Hart County Water and Sewer Authority	490,035
Total depreciation expense - business-type activities	<u>\$ 600,758</u>

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NOTE 8 – LEASES RECEIVABLE

Operating Lease

DFACS Building Fund

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

The net value of the property under lease is \$1,263,161, which is net of accumulated depreciation of \$407,135.

BLENDED COMPONENT UNITS:

Hart County Industrial Building Authority

Capital Leases

The Hart County Industrial Building Authority has taken title to certain fixtures, equipment and other personal and real property and leased said property to various companies in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Hart County, Georgia. These tax abatement agreements are entered into under the authority of Georgia constitutional amendment, 1963 Ga. Laws, pp. 697.

The leased property is not recorded in the Statement of Net Position or Balance Sheet because each company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. Beginning on the dates specified below, each company will pay to IBA an annual lease payment and will pay to the County a payment in lieu of ad valorem taxes ("PILOT"). For leased property that is subject to a lien at the time the company transfers the property, IBA has guaranteed the debt secured by and limited to the amount of the collateral.

The amount of the PILOT payment to the County is based on the amount of ad valorem tax that would be owed if the property was held in the lessee's names, multiplied by the percentages shown on the following "Amount of PILOT Payment" schedule for each year. No later than ten years from the inception of the lease, all lessees will pay 100% of the value of the ad valorem tax.

County property tax revenues were reduced by approximately \$591,214 in foregone revenues under these tax abatement agreements entered into by the Hart County Industrial Building Authority. Of this amount, approximately \$398,019 would have been payable to the Hart County Board of Education for the school tax portion.

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NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Company	Leased Property (Collateral)	Material Covenants	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
Hart AgStrong, LLC	4.047 acres land and personal property	Employ and maintain employment for at least 10 individuals and invest \$4,000,000 in physical assets in Hart County, Georgia by 12/31/09.	\$ 3,990,000	\$1,500	12/31/10	12/30/11	12/31/22	Automatic annual renewals
Milbro Refractories, Inc.	8.58 acres land, 20,000 sq ft building and equipment	Employ and maintain employment for at least 5 individuals and invest \$800,000 in physical assets in Hart County, Georgia by 12/31/10.	\$ 659,555	\$10	12/31/08	03/06/08	02/06/31	Automatic annual renewals
Ritz Instrument Transformers, Inc.	10 acres land and equipment	Employ and maintain employment for at least 90 individuals and invest at least \$5,700,000 in physical assets in Hart County, Georgia	\$ 2,565,000	\$1,500	12/01/10	12/31/09	01/31/20	Automatic annual renewals
SD Automotive Group Management, Inc.	Equipment	Employ and maintain employment for at least 25 individuals and invest at least \$3,000,000 in physical assets in Hart County, Georgia by 12/31/12.	\$ -	\$10	01/01/12	12/31/11	11/01/19	Automatic renewing option through 1/5/22
Tenneco Automotive Operating Company, Inc.	11 parcels of land, improvements and equipment	Employ and maintain employment for 400 individuals and invest at least \$10,470,000 in physical assets in Hart County, Georgia by 12/31/2020. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 42,000,000	Amount needed to pay principal and interest payments on bond debt.	12/01/10	05/01/10	12/01/17	2 automatic renewing options, through 12/1/21
Linde + Wiemann Sales & Engineering Inc.	28.905 acres land, equipment and personal property	Employ and maintain employment for at least 201 individuals and invest \$64,000,000 in physical assets in Hart County, Georgia by 12/31/2022. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount needed to pay principal and interest payments on bond debt.	03/01/17	03/01/16	03/01/27	None
Haering Asset LP	36.75 acres land, equipment and personal property	Employ and maintain employment for at least 400 individuals and invest at least \$40,000,000 in physical assets in Hart County, Georgia within five years of completion. If employment or investment goals are not met, "community recovery payments" must be made.	\$ 64,000,000	Amount needed to pay principal and interest payments on bond debt.	05/01/17	05/01/16	05/01/33	None

**HART COUNTY, GEORGIA
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NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

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

Joint Development Authority of Franklin, Hart and Stephens Counties

Capital Lease

Pursuant to the conduit debt obligation detailed in Note 9, the Joint Development Authority of Franklin, Hart and Stephens Counties has taken title to certain fixtures, equipment and other personal and real property and leased said property to the company in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Georgia. This tax abatement agreement is entered into under the authority of Georgia constitutional amendment, 1963 Ga. Laws, pp. 697.

The leased property is not recorded in the Statement of Net Position or Balance Sheet because the company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. Beginning on the dates specified below, the company will pay to the County an annual payment in lieu of ad valorem taxes ("PILOT"). For leased property that is subject to a lien at the time the company transfers the property, JDA has guaranteed the debt secured by and limited to the amount of the collateral.

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

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NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

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

County property tax revenues were reduced by approximately \$20,902 in foregone revenues under this tax abatement agreement entered into by the Joint Development Authority of Franklin, Hart and Stephens Counties. Of this amount, approximately \$14,072 would have been payable to the Hart County Board of Education for the school tax portion.

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

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

Operating Lease

Under a previous OneGeorgia Authority broadband award, JDA entered into a non-cancelable lease agreement with North Georgia Network Cooperative, Inc. ("NGN") to lease fiber optic cable owned by JDA. The lease agreement calls for payments of \$18,850 each year for eight years beginning July 1, 2015. As of June 30, 2018, NGN had prepaid the annual payment covering the rental for fiscal year 2019. The payment has been recorded as unearned revenue on the Statement of Net Position.

The net value of the property under lease is \$933,130, which is net of accumulated depreciation of \$64,870.

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NOTE 8 – LEASES RECEIVABLE (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

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

Operating Lease (Continued)

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

<u>FY</u>	
2019	\$ 18,850
2020	18,850
2021	18,850
2022	18,850
2023	<u>18,850</u>
Total	<u>\$ 94,250</u>

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

NOTE 9 - NONCURRENT LIABILITIES

Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after closure. On May 1, 1997, in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. Although closure and post closure care costs will generally be paid near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require a portion of the estimated closure and post closure care costs to be reported as an operating expense in each period for which the landfill accepts waste. The \$72,755 reported as landfill closure and post closure care liability at September 30, 2018 represents the cumulative estimated total amount necessary to perform all future post closure functions based on the use of 100% of the estimated capacity of the landfill. The amount reported is based on what it would cost to perform all post closure care in 2018. The County has closed the landfill and no useful life exists. Actual costs may be different due to changes in inflation, technology, or applicable laws or regulations. The County meets the Environmental Protection Agency financial assurance requirements using the financial test method because it has sufficient assets to cover the post closure care costs.

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Landfill Closure and Post Closure Care Costs (Continued)

Noncurrent liability activity for the primary government for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 682,223	\$ 552,101	\$ (491,830)	\$ 742,494	\$ 454,516
Governmental activities noncurrent liabilities	<u>\$ 682,223</u>	<u>\$ 552,101</u>	<u>\$ (491,830)</u>	<u>\$ 742,494</u>	<u>\$ 454,516</u>
Business-type activities:					
Compensated absences	\$ 16,247	\$ 22,145	\$ (18,414)	\$ 19,978	\$ 9,408
Landfill postclosure	124,743	-	(51,988)	72,755	51,988
Business-type activities noncurrent liabilities	<u>\$ 140,990</u>	<u>\$ 22,145</u>	<u>\$ (70,402)</u>	<u>\$ 92,733</u>	<u>\$ 61,396</u>

CHANGES IN NONCURRENT LIABILITIES

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

<u>Fund</u>	<u>Compensated Absences Liability</u>
Governmental activities:	
General Fund	\$ 706,706
E911 Fund	22,359
Insurance Premium Tax Fund	<u>13,429</u>
Total governmental activities	<u>\$ 742,494</u>
Business-type activities:	
Solid Waste Fund	\$ 12,386
Hart County Water & Sewer	<u>7,592</u>
	<u>\$ 19,978</u>

HART COUNTY, GEORGIA
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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS:

Hart County Industrial Building Authority

Conduit Debt Obligations

In June 2010, IBA issued in its name Series 2009 taxable industrial development revenue bonds in the amount of \$42,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Tenneco Automotive Operating Company, Inc. ("Tenneco") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Tenneco under a capital lease. IBA has no obligation to pay on the Series 2009 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA or the County. The bonds mature on December 1, 2021. The outstanding balance of the Series 2009 bonds payable at December 31, 2017 was unconfirmed.

In March 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Linde + Wiemann Sales & Engineering Inc. (the "L+W Company") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by the L+W Company under a capital lease. IBA has no obligation to pay on the Series 2016 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA or the County. The bonds mature on March 1, 2027. The outstanding balance of the Series 2016 bonds payable at December 31, 2017 was unconfirmed.

In October 2016, IBA issued in its name Series 2016 taxable industrial development revenue bonds in the amount of \$64,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Haering Asset LP serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Haering Asset LP under a capital lease. IBA has no obligation to pay on the Series 2016 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA or the County. The bonds mature on May 1, 2033. The outstanding balance of the Series 2016 bonds payable at December 31, 2017 was unconfirmed.

In November 2017, IBA issued in its name Series 2017 taxable industrial development revenue bonds in the amount of \$320,000,000 and recorded a bond issuance fee in the amount of \$400,000 as operating revenues. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Nestlé Purina PetCare Company (the "Nestlé Company") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by the Nestlé Company under a capital lease. IBA has no obligation to pay on the Series 2017 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA. The bonds mature on October 1, 2033. The outstanding balance of the Series 2017 bonds payable at December 31, 2017 was unconfirmed.

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable

In July 2007, IBA borrowed \$720,000 through a rural economic development loan from Hart Electric Membership Corporation funded by the United States Department of Agriculture ("USDA") to repay debt previously borrowed to finance property used in the development of Gateway Industrial Park in Hart County, Georgia. According to the terms of the note, payments of \$7,500 with interest at 0.0% per annum were due beginning August 2009 and every month thereafter for a term of 96 months, maturing in July 2017. The note was secured by an intergovernmental agreement from Hart County, Georgia wherein the County agreed to fund the payments from funds earmarked for economic development. As of December 31, 2017, this note has been paid in full.

In September 2013, IBA borrowed \$3,012,750 through a federally awarded rural development loan from USDA to complete the purchase of 133.9 acres of land located in Gateway Industrial Park in Hart County, Georgia acquired from Janiece Murray White in October 2011. According to the terms of the note, payments of \$11,690 with interest at 3.5% per annum are due beginning October 2013 and every month thereafter for a term of 40 years, maturing in September 2053. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments from funds earmarked for economic development. In addition, IBA is required to maintain a debt service reserve fund in the amount of \$140,280 (equivalent to twelve monthly payments). As of December 31, 2017, this debt service reserve account was fully funded by the County and is reported as restricted cash on the Statement of Net Position as a noncurrent asset.

Noncurrent liability activity for IBA for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
IBA					
Business-type activities:					
Hart EMC note payable	\$ 52,500	\$ -	\$ (52,500)	\$ -	\$ -
USDA note payable	2,893,234	-	(39,652)	2,853,582	41,062
Business-type activities noncurrent liabilities	<u>\$ 2,945,734</u>	<u>\$ -</u>	<u>\$ (92,152)</u>	<u>\$ 2,853,582</u>	<u>\$ 41,062</u>

HART COUNTY, GEORGIA
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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 99,218	\$ 41,062	\$ 140,280
2019	97,757	42,523	140,280
2020	96,517	43,763	140,280
2021	94,689	45,591	140,280
2022	93,067	47,213	140,280
2023 - 2027	439,202	262,198	701,400
2028 - 2032	389,332	312,068	701,400
2033 - 2037	329,454	371,946	701,400
2038 - 2042	258,406	442,994	701,400
2043 - 2047	173,785	527,615	701,400
2048 - 2052	73,015	628,385	701,400
2053	1,101	88,224	89,325
Total	<u>\$ 2,145,543</u>	<u>\$ 2,853,582</u>	<u>\$ 4,999,125</u>
Less: Interest			<u>(2,145,543)</u>
Present value of minimum payments			<u>\$ 2,853,582</u>

The Joint Development Authority of Franklin, Hart and Stephens Counties

Conduit Debt Obligations

In November, 2007, JDA issued in its name Series 2007 taxable industrial revenue bonds in the amount of \$40,000,000. Monies obtained from the bond issuance was used to acquire, construct and equip a manufacturing facility for Fenner-Dunlop Americas, Inc. serving Hart and Franklin Counties, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Fenner-Dunlop Americas, Inc. under a capital lease. JDA has no obligation to pay on the Series 2007 bonds, therefore, neither the bond debt nor the capital lease receivable is included in the financial statements of JDA or the County. The bonds will mature on November 1, 2019. The outstanding balance of the \$40,000,000 bonds payable at June 30, 2018 was unconfirmed.

Notes Payable

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

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

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

Notes Payable (Continued)

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

Noncurrent liability activity for JDA for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
JDA					
Business-type activities:					
Pinnacle Bank note payable	\$ 385,629	\$ -	\$ (26,328)	\$ 359,301	\$ 27,379
OneGeorgia note payable	107,813	-	(18,751)	89,062	14,062
Business-type activities noncurrent liabilities	<u>\$ 493,442</u>	<u>\$ -</u>	<u>\$ (45,079)</u>	<u>\$ 448,363</u>	<u>\$ 41,441</u>

Below is the schedule of future minimum obligated payments:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 12,310	\$ 41,441	\$ 53,751
2020	11,362	47,076	58,438
2021	10,320	48,118	58,438
2022	9,271	49,167	58,438
2023	8,185	50,253	58,438
2024 - 2028	23,247	175,198	198,445
2029	802	37,110	37,912
Total	<u>\$ 75,497</u>	<u>\$ 448,363</u>	<u>\$ 523,860</u>
Less: Interest			(75,497)
Present value of minimum payments			<u>\$ 448,363</u>

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS: (CONTINUED)

Hart County Water and Sewer Authority

Notes Payable

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

During the year ended September 30, 2018, interest was recorded on this loan in the amount of \$4,397 as a nonoperating expense.

DWSRF Loan #13-017: In February 2015, HCWSA executed a loan agreement to borrow a maximum amount of \$2,000,000 in pass-through federal and state funding from the DWSRF administered by GEFA for the construction of distribution system extensions into the Bethany Church, Rock Springs, and Mouchet Road areas of Hart County, Georgia. According to the terms of the loan agreement, 120 monthly payments of \$12,831 to include interest at 0.52% per annum are due beginning upon completion of the project. The note will be secured by HCWSA's revenue raising powers and repayment of the loan is guaranteed by the County. During the year ended September 30, 2017, the full \$2,000,000 had been drawn down, and the lender forgave the full \$500,000 (25%) of the principal balance of the loan, leaving a net liability of \$1,500,000. The first monthly payment was due on November 1, 2017 and the loan will mature on October 1, 2027.

During the year ended September 30, 2018, interest was recorded on this loan in the amount of \$7,451 as a nonoperating expense.

Noncurrent liability activity for HCWSA for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
HCWSA					
Business-type activities:					
DWSRF #11-002	\$ 1,071,743	\$ -	\$ (355,464)	\$ 716,279	\$ 357,244
DWSRF #13-017	1,500,000	-	(134,276)	1,365,724	147,215
Business-type activities noncurrent liabilities	<u>\$ 2,571,743</u>	<u>\$ -</u>	<u>\$ (489,740)</u>	<u>\$ 2,082,003</u>	<u>\$ 504,459</u>

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority (Continued)

Notes Payable (Continued)

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 9,515	\$ 504,459	\$ 513,974
2020	6,957	507,017	513,974
2021	5,212	148,754	153,966
2022	4,437	149,529	153,966
2023	3,658	150,308	153,966
2024 - 2027	6,761	621,936	628,697
Total	\$ 36,540	\$ 2,082,003	\$ 2,118,543
Less: Interest			(36,540)
Present value of minimum payments			\$ 2,082,003

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

Compensated Absences

Activity related to compensated absences for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ <u>5,194</u>	\$ <u>15,041</u>	\$ <u>(12,643)</u>	\$ <u>7,592</u>	\$ <u>3,986</u>

DISCRETELY PRESENTED COMPONENT UNITS

Hart County Library

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

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NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Hart County Health Department

Noncurrent liability activity for the Health Department for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Health Department Business-type activities:					
Compensated absences	\$ 57,723	\$ 20,485	\$ (37,536)	\$ 40,672	\$ 22,000

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

NOTE 10 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

The County provides certain group insurance benefits for eligible employees who are employed over 90 days. The County does not provide other postemployment benefits ("OPEB"). The Hart County Health Department does provide OPEB. For complete OPEB disclosures and schedules, please see the Health Department's separately issued standalone audited financial statements.

NOTE 11 - PENSION PLANS

Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with the Deferred Compensation Plan discussed below. The contributions from both plans are invested with Lincoln National Life and Reliastar Life Insurance Companies and are administered by Mack Poss and Associates, an independent third party. The plans can be amended or removed by a majority vote of the Hart County Board of Commissioners. During the fiscal year ended September 30, 2018, the County contributed \$88,287 to the plan, based on covered salaries of \$2,942,907. Total payroll was \$7,805,198. Plan members made voluntary contributions of \$153,306.

Deferred Compensation Plan

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

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

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

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NOTE 11 – PENSION PLANS (CONTINUED)

Defined Compensation Plan (Continued)

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

Defined Benefit Plan

DISCRETELY PRESENTED COMPONENT UNITS:

Hart County Library

The Library reports a liability for its proportionate share of the net pension liability related to its participation in the Teachers Retirement System of Georgia. As of June 30, 2018, net pension liability of \$217,820 and related deferred pension outflows and inflows of \$51,615 and \$4,820, respectively, are included in the Combining Statement of Net Position for discretely presented component units. For complete pension disclosures and schedules, please see the Library's separately issued standalone audited financial statements.

Hart County Health Department

The Health Department reports a liability for its proportionate share of the net pension liability related to its participation in the Georgia State Employees' Retirement System. As of June 30, 2018, net pension liability of \$423,435 and related deferred net pension outflows and inflows of \$96,582 and \$1,057, respectively, are included in the Combining Statement of Net Position for discretely presented component units. For complete pension disclosures and schedules, please see the Health Department's separately issued standalone audited financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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NOTE 11 – PENSION PLANS (CONTINUED)

Other Retirement Benefits

In addition to the above plans, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Peace Officers' Annuity and Benefit Fund of Georgia, Judges of the Probate Courts Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Each of these plans are cost-sharing, multiple employer defined benefit pension plans with a special funding situation. Further information regarding these plans can be obtained from the plan administrators and the plans' annual reports.

NOTE 12 - RISK MANAGEMENT

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

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

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

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

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

IBA: In May 2016, IBA executed a right of first refusal and option agreement with Haering Asset LP to purchase an additional 18.8 acres adjoining the Haering Company's leased land located in the Gateway II Industrial Park for \$15,000 per acre by October 2026. As of September 31, 2018, this option has not been exercised.

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

IBA: In December 2017, IBA executed a three-year consulting agreement with Aeratus Enterprises, LLC and Dwayne Dye for economic development services beginning January 1, 2018, along with an intergovernmental agreement with Hart County, Georgia, for these costs to be reimbursed to IBA.

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

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

Hart County Industrial Business Authority (fiscal year ended December 31, 2017):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2018	\$ 342,330
Plus expenditures to IBA between January 1, 2017 and September 30, 2017	361,533
Plus net expenditures recorded by the County in September but not received by IBA until October	(67,213)
Less expenditures to IBA between January 1, 2018 and September 30, 2018	<u>(264,122)</u>
Revenue reported by IBA for the fiscal year ended December 31, 2017	\$ <u>372,528</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2018):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2018	\$ 49,264
Plus expenditures to JDA between July 1, 2017 and September 30, 2017	9,922
Plus expenditures accrued by JDA at June 30, 2018 but not submitted to the County for reimbursement by September 30, 2018	1,825
Less expenditures to JDA between July 1, 2018 and September 30, 2018	<u>(9,922)</u>
Revenue reported by JDA for the fiscal year ended June 30, 2018	\$ <u>51,089</u>

Hart County Health Department (fiscal year ended June 30, 2018):

Total amount contributed or expended by Hart County on behalf of the Health Department ("HD") during the fiscal year ended September 30, 2018	\$ 80,000
Plus expenditures to the HD between July 1, 2017 and September 30, 2017	20,000
Less expenditures to the HD between July 1, 2018 and September 30, 2018	<u>(20,000)</u>
Revenue reported by the Health Department for the fiscal year ended June 30, 2018	\$ <u>80,000</u>

Hart County Library (fiscal year ended June 30, 2018):

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2018	\$ 77,000
Plus expenditures to the Library between July 1, 2017 and September 30, 2017	19,250
Less expenditures to the Library between July 1, 2018 and September 30, 2018	<u>(19,250)</u>
Revenue reported by the Library for the fiscal year ended June 30, 2018	\$ <u>77,000</u>

NOTE 15 - JOINT VENTURES

Hart County participates jointly with Franklin County, Georgia in the Franklin-Hart Airport. Both counties have agreed to allocate funds as part of their respective budgets toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Hart County contributed \$3,500 to the Airport during the year ended September 30, 2018. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

Under Georgia Law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission ("GMRC") and is required to pay annual dues thereto. During the year ended September 30, 2018, the County paid \$23,130 in such dues. Membership in a regional commission ("RC") is required by OCGA 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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NOTE 15 - JOINT VENTURES (CONTINUED)

Hart County and Franklin County have contributed funds to the Joint Development Authority of Franklin, Hart and Stephens Counties for the Gateway Industrial Park project. As of June 30, 2018, contributions for this project since inception, exclusive of any grant revenues, have been provided as follows:

	<u>% of Total</u>	<u>Amount</u>
Hart County	91.4%	\$ 2,355,805
Stephens County	0.0%	-
Franklin County	<u>8.6%</u>	<u>220,990</u>
Total	<u>100.0%</u>	<u>\$ 2,576,795</u>

NOTE 16 - INTERGOVERNMENTAL AGREEMENTS

The County has an agreement with various municipalities in Hart County relating to their allocation and share of the local option sales tax ("LOST"). For the year ended September 30, 2018, the percentage share of the LOST funds was allocated as follows:

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

IBA has a rural economic development loan secured by an intergovernmental agreement from the County through Hart EMC requiring payments of \$90,000 per year. The loan funds were used to finance property in Gateway II Industrial Park. The County provided the funding for these payments to IBA on a monthly basis for 8 years beginning August 2009. The loan was paid in full in August 2017.

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

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

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

HCWSA also has a Drinking Water State Revolving Fund loan #13-017 secured by an intergovernmental agreement from the County through GEFA that will require payments of \$153,972 per year. The loan funds are being used to acquire, construct and install additions, extensions, and improvements to the water system in Hart County, to include the Bethany Church and Rock Springs areas.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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NOTE 16 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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

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

NOTE 17 – FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards ("SEFA") is a summary of expenditures relating to federal award programs and is required if federal expenditures during the year exceed \$750,000. During the year ended September 30, 2018, neither the County, nor any of the County's blended component units exceeded this threshold for federal awards in the County's name or administered by the County.

NOTE 18 - SUBSEQUENT EVENTS

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

- 1) In March 2019, the County voted to proceed with the 2019 LMIG Safety Grant in the amount of \$100,000.
- 2) In April 2019, the Georgia Department of Transportation ("GDOT") completed construction of a bridge in the Shoal Creek area of Hart County, Georgia. GDOT provided all the labor and materials at an estimated value of \$772,000. This amount will be considered as an in-kind contribution and capital outlay in fiscal year ending September 30, 2019.
- 3) In March 2019, the County purchased cardiac monitors from Physio Controls in the amount of \$213,158.
- 4) In May 2019, the County, along with the City of Hartwell and the Hart County Board of Education, signed a contract with Mobile Communications for mobile radios and radio frequency space. Hart County, Georgia's portion of the contract amounts to \$457,416.
- 5) IBA: In April 2018, IBA was awarded a \$800,000 OneGeorgia Edge grant from the State of Georgia on behalf of the Haering Company to acquire, improve and equip a manufacturing facility serving Hart County, Georgia. This grant has not yet been drawn down as of the date of these financial statements.
- 6) IBA: In April 2018, IBA approved the application of a \$600,000 federal grant from the Appalachian Regional Commission ("ARC") for the Gateway III Sewer Lift Station Project. The grant was approved during 2018 in the amount of \$651,668. The constructed sewer system and associated roadways will be transferred to the Hart County Water and Sewer Authority (also a blended component unit of Hart County, Georgia). This grant requires a \$195,500 (30%) local match which will be paid by Hart County, Georgia. This grant has not yet been drawn down as of the date of these financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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FOR DISCUSSION PURPOSES ONLY
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NOTE 18 - SUBSEQUENT EVENTS (CONTINUED)

- 7) IBA: In April 2018, IBA approved the application of a \$600,000 federal grant from the Appalachian Regional Commission ("ARC") for the Gateway III Sewer Lift Station Project. The grant was approved during 2018 in the amount of \$651,668. The constructed sewer system and associated roadways will be transferred to the Hart County Water and Sewer Authority (also a blended component unit of Hart County, Georgia). This grant requires a \$195,500 (30%) local match which will be paid by Hart County, Georgia. This grant has not yet been drawn down as of the date of these financial statements.
- 8) IBA: In May 2018, IBA was awarded a \$500,000 One Georgia Edge grant from the State of Georgia on behalf of Nestle Purina Petcare Company for equipment to assist in the location of a pet food manufacturing and distribution facility in Hart County, Georgia. In June 2019, the draw request and required documents were submitted for the full grant amount.
- 9) JDA: In July 2018, the JDA Board approved a contract for the sale of approximately 15 acres of land in Gateway I Industrial Park for \$30,000 per acre, where the purchaser will build a speculative building. As of the date of these financial statements, construction is in progress.
- 10) HCWSA: 2018 CDBG project: In August 2018, Hart County, Georgia was awarded a \$750,000 Community Development Block Grant from the Georgia Department of Community Affairs to finance a portion of HCWSA's waterline projects located in five geographical areas of Hart County, Georgia. The agreement requires a \$300,000 local match, which will be paid by Hart County's SPLOST V fund. In January 2019, the project was awarded to Arrowood General Contracting in the amount of \$1,141,361 and construction began in April 2019.
- 11) HCWSA: In November 2018, the Board approved the allocation of \$500,000 of unrestricted net position designated as capital reserves for the future repair or replacement of water lines.

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Required Supplementary Information

**HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018
(Required Supplementary Information)**

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	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 9,640,082	\$ 9,640,082	\$ 10,050,926	\$ 410,844
Licenses and permits	56,500	56,500	58,029	1,529
Intergovernmental	191,363	191,363	279,332	87,969
Fines and forfeitures	583,000	583,000	573,736	(9,264)
Charges for services	1,216,700	1,216,700	1,161,866	(54,834)
Investment earnings	10,300	10,300	84,009	73,709
Miscellaneous	200,102	200,102	183,499	(16,603)
Total revenues	11,898,047	11,898,047	12,391,397	493,350
EXPENDITURES				
Current expenditures				
General government				
General government	73,000	73,000	36,271	(36,729)
Board of elections	108,175	108,175	92,311	(15,864)
Data processing	144,504	144,504	129,225	(15,279)
Professional	114,000	114,000	100,038	(13,962)
Executive	348,132	350,959	350,959	-
Tax commissioner	296,006	296,006	290,309	(5,697)
Tax assessor	512,975	526,473	526,473	-
Risk management	148,000	155,768	155,768	-
Buildings and properties	97,450	142,724	142,724	-
General administration fees	4,754	5,241	5,241	-
Total general government	1,846,996	1,916,850	1,829,319	(87,531)
Judicial				
Superior court	112,086	125,541	125,541	-
Clerk of superior court	368,009	368,009	337,832	(30,177)
Probate court	234,822	239,924	239,924	-
Juvenile court	64,572	64,572	40,160	(24,412)
Grand jury	40,100	40,100	36,417	(3,683)
Public defender	81,955	82,925	82,925	-
District attorney	36,788	36,788	32,923	(3,865)
Magistrate court	176,599	177,509	177,509	-
Board of equalization	13,122	13,503	13,503	-
Total judicial	1,128,053	1,148,871	1,086,734	(62,137)
Public Safety				
Sheriff	2,276,614	2,417,797	2,417,797	-
Jail operations	1,560,381	1,578,436	1,578,436	-
Whitworth women's center	9,000	9,000	2,472	(6,528)
Coroner and medical examiner	29,250	29,250	22,909	(6,341)
Emergency management	31,456	69,210	69,210	-
Emergency medical service	2,301,787	2,357,561	2,357,561	-
E-911 addressing and permitting	42,083	43,532	43,532	-
GIS services 911	18,775	18,775	10,894	(7,881)
Animal control	97,786	97,786	91,819	(5,967)
Total public safety	6,367,132	6,621,347	6,594,630	(26,717)

Continued on next page

**HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018
(Required Supplementary Information)**

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Continued from previous page

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget
Public Works				
Public works administration	10,000	10,000	1,175	(8,825)
Highways & streets	867,604	867,604	497,784	(369,820)
Maintenance shop	505,939	549,373	549,373	-
Total public works	1,383,543	1,426,977	1,048,332	(378,645)
Public Health and Welfare				
Health	82,200	82,200	82,111	(89)
Welfare	30,900	30,900	30,900	-
Senior citizens center	132,084	132,084	102,479	(29,605)
Transportation services	108,121	124,096	124,096	-
Total public health and welfare	353,305	369,280	339,586	(29,694)
Recreation and Culture				
Recreation	322,141	322,141	310,297	(11,844)
Library administration	77,000	77,000	77,000	-
Total recreation and culture	399,141	399,141	387,297	(11,844)
Housing and Development				
Agricultural resources	89,262	89,262	79,487	(9,775)
Economic development & assistance	112,215	112,215	55,704	(56,511)
Airport authority	3,500	3,500	3,500	-
Community action programs	100	100	-	(100)
Adult basic education	11,550	14,205	14,205	-
Total housing and development	216,627	219,282	152,896	(66,386)
Total expenditures	11,694,797	12,101,748	11,438,794	(662,954)
Excess (deficiency) of revenues over (under) expenditures	203,250	(203,701)	952,603	1,156,304
Other financing sources (uses)				
Carryover of funds	(1,232)	490,847	-	(490,847)
Transfers out	(202,018)	(287,146)	(287,146)	-
Transfers in	-	-	-	-
Total other financing sources (uses)	(203,250)	203,701	(287,146)	(490,847)
Net change in fund balance	-	-	665,457	665,457
Fund balance, beginning of year	5,661,014	5,661,014	5,661,014	-
Fund balance, end of year	\$ 5,661,014	\$ 5,661,014	\$ 6,326,471	\$ 665,457

HART COUNTY, GEORGIA
INSURANCE PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018
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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,097,009	\$ 1,097,009	\$ 1,171,646	\$ 74,637
Investment earnings	-	-	11,441	11,441
Miscellaneous	-	-	-	-
Total revenues	<u>1,097,009</u>	<u>1,097,009</u>	<u>1,183,087</u>	<u>86,078</u>
EXPENDITURES				
Current				
General government	50,307	50,307	50,027	(280)
Public safety	496,462	496,462	446,661	(49,801)
Public works	593,786	593,786	589,661	(4,125)
Total expenditures	<u>1,140,555</u>	<u>1,140,555</u>	<u>1,086,349</u>	<u>(54,206)</u>
Excess (deficiency) of revenues over (under) expenditures	(43,546)	(43,546)	96,738	140,284
Other financing sources (uses)				
Transfers in (out) - General Fund	43,546	43,546	-	(43,546)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	96,738	96,738
Fund balances, beginning of year	224,926	224,926	224,926	-
Fund balances, end of year	<u>\$ 224,926</u>	<u>\$ 224,926</u>	<u>\$ 321,664</u>	<u>\$ 96,738</u>

HART COUNTY, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018
(Required Supplementary Information)

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 703,431	\$ 703,431
Investment earnings	-	-	16,085	16,085
Contributions & donations	-	-	472,000	472,000
Total revenues	-	-	1,191,516	1,191,516
EXPENDITURES				
Public safety	8,000	15,555	15,555	-
Recreation and culture	-	253	253	-
Capital outlay	975,926	1,632,414	1,632,414	-
Total expenditures	983,926	1,648,222	1,648,222	-
Excess (deficiency) of revenues over (under) expenditures	(983,926)	(1,648,222)	(456,706)	1,191,516
Fund balances, beginning of year	707,412	707,412	707,412	-
Fund balances, end of year	\$ (276,514)	\$ (940,810)	\$ 250,706	\$ 1,191,516

HART COUNTY, GEORGIA
EIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018
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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 17,500	\$ 17,500	\$ 26,126	\$ 8,626
Miscellaneous revenues	-	-	204,172	204,172
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>230,298</u>	<u>212,798</u>
EXPENDITURES				
General government	4,000	4,590	4,590	-
Housing and development	-	400,000	400,000	-
Total expenditures	<u>4,000</u>	<u>404,590</u>	<u>404,590</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	13,500	(387,090)	(174,292)	212,798
Fund balances, beginning of year	<u>298,950</u>	<u>298,950</u>	<u>298,950</u>	<u>-</u>
Fund balances, end of year	<u>\$ 312,450</u>	<u>\$ (88,140)</u>	<u>\$ 124,658</u>	<u>\$ 212,798</u>

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

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NOTE 1 - BUDGETARY INFORMATION

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

During the fiscal year ended September 30, 2018, no expenditures were materially in excess of the amounts appropriated in any of these funds. Excesses are considered to be material if they are both greater than \$10,000 and over 3.0% of the department level budget (the legal level of control).

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

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

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Supplementary Information

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

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Combining Financial Statements Nonmajor Governmental Funds

**HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

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Special Revenue Funds

	Confiscated Assets	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
ASSETS									
Cash and cash equivalents	\$ 26,049	\$ 153,704	\$ 35,116	\$ 78,389	\$ 24,698	\$ 26,543	\$ 16,968	\$ 147,271	\$ 508,738
Receivables (net of allowance for uncollectibles)	-	-	6,125	60,119	5,897	-	-	-	72,141
Prepaid items	-	1,200	-	19,360	-	-	-	-	20,560
Total assets	\$ 26,049	\$ 154,904	\$ 41,241	\$ 157,868	\$ 30,595	\$ 26,543	\$ 16,968	\$ 147,271	\$ 601,439
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 325	\$ 3,782	\$ -	\$ -	\$ -	\$ 18,594	\$ 22,701
Other accrued items	-	-	-	2,649	-	-	-	-	2,649
Due to other funds	-	-	-	3,208	-	-	-	300	3,508
Total liabilities	-	-	325	9,639	-	-	-	18,894	28,858
Fund balances									
Nonspendable	-	1,200	-	19,360	-	-	-	-	20,560
Restricted	26,049	153,704	40,916	128,869	30,595	26,543	16,968	128,377	552,021
Total fund balances	26,049	154,904	40,916	148,229	30,595	26,543	16,968	128,377	572,581
Total liabilities and fund balances	\$ 26,049	\$ 154,904	\$ 41,241	\$ 157,868	\$ 30,595	\$ 26,543	\$ 16,968	\$ 147,271	\$ 601,439

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

<u>Special Revenue Funds</u>									
	<u>Confiscated Assets</u>	<u>DFACS Building</u>	<u>Drug Abuse Treatment and Education</u>	<u>E911</u>	<u>Jail</u>	<u>Behavioral Health Escrow</u>	<u>Law Library</u>	<u>Health Care Services</u>	<u>TOTAL</u>
REVENUES									
Licenses and permits	\$ -	\$ -	\$ -	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ 36
Charges for services	-	69,020	-	413,009	-	-	-	-	482,029
Fines and forfeitures	24,016	-	32,759	-	37,906	-	10,128	-	104,809
Investment earnings	-	1,761	-	36	5	15	-	3,489	5,306
Miscellaneous	2,127	-	-	-	-	4,535	-	-	6,662
Total revenues	<u>26,143</u>	<u>70,781</u>	<u>32,759</u>	<u>413,081</u>	<u>37,911</u>	<u>4,550</u>	<u>10,128</u>	<u>3,489</u>	<u>598,842</u>
EXPENDITURES									
Current									
Judicial	-	-	-	-	-	-	11,921	-	11,921
Public safety	1,000	-	16,877	459,174	27,768	-	-	228,143	732,962
Health and welfare	-	17,184	-	-	-	20,820	-	-	38,004
Total expenditures	<u>1,000</u>	<u>17,184</u>	<u>16,877</u>	<u>459,174</u>	<u>27,768</u>	<u>20,820</u>	<u>11,921</u>	<u>228,143</u>	<u>782,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,143</u>	<u>53,597</u>	<u>15,882</u>	<u>(46,093)</u>	<u>10,143</u>	<u>(16,270)</u>	<u>(1,793)</u>	<u>(224,654)</u>	<u>(184,045)</u>
OTHER FINANCING SOURCES									
Transfers in	-	-	-	80,000	-	-	-	-	80,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Net change in fund balances	25,143	53,597	15,882	33,907	10,143	(16,270)	(1,793)	(224,654)	(104,045)
Fund balances, beginning of year	906	101,307	25,034	114,322	20,452	42,813	18,761	353,031	676,626
Fund balances, end of year	<u>\$ 26,049</u>	<u>\$ 154,904</u>	<u>\$ 40,916</u>	<u>\$ 148,229</u>	<u>\$ 30,595</u>	<u>\$ 26,543</u>	<u>\$ 16,968</u>	<u>\$ 128,377</u>	<u>\$ 572,581</u>

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Nonmajor Special Revenue Funds Budgetary Schedules

Special Revenue Funds

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

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

MAJOR FUNDS:

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

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

NONMAJOR FUNDS:

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

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

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

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

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

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

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

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

HART COUNTY, GEORGIA
CONFISCATED ASSETS - VICE CONTROL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 24,016	\$ 24,016
Miscellaneous	-	-	2,127	2,127
Total revenues	<u>-</u>	<u>-</u>	<u>26,143</u>	<u>26,143</u>
EXPENDITURES				
Current				
Public safety	-	-	1,000	1,000
Total expenditures	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	25,143	25,143
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	25,143	25,143
Fund balances, beginning of year	906	906	906	-
Fund balances, end of year	<u>\$ 906</u>	<u>\$ 906</u>	<u>\$ 26,049</u>	<u>\$ 25,143</u>

HART COUNTY, GEORGIA
DFACS BUILDING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Charges for services	\$ 69,020	\$ 69,020	\$ 70,781	\$ 1,761
Miscellaneous	-	-	-	-
Total revenues	<u>69,020</u>	<u>69,020</u>	<u>70,781</u>	<u>1,761</u>
EXPENDITURES				
Current				
Health and welfare	43,100	43,100	17,184	(25,916)
Total expenditures	<u>43,100</u>	<u>43,100</u>	<u>17,184</u>	<u>(25,916)</u>
Excess (deficiency) of revenues over (under) expenditures	25,920	25,920	53,597	27,677
Fund balances, beginning of year	<u>101,307</u>	<u>101,307</u>	<u>101,307</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 127,227</u></u>	<u><u>\$ 127,227</u></u>	<u><u>\$ 154,904</u></u>	<u><u>\$ 27,677</u></u>

HART COUNTY, GEORGIA
DRUG ABUSE TREATMENT AND EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 27,000	\$ 27,000	\$ 32,759	\$ 5,759
Investment earnings	-	-	-	-
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>32,759</u>	<u>5,759</u>
EXPENDITURES				
Current				
Public safety	10,500	16,877	16,877	-
Total expenditures	<u>10,500</u>	<u>16,877</u>	<u>16,877</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	16,500	10,123	15,882	5,759
Fund balances, beginning of year	<u>25,034</u>	<u>25,034</u>	<u>25,034</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 41,534</u></u>	<u><u>\$ 35,157</u></u>	<u><u>\$ 40,916</u></u>	<u><u>\$ 5,759</u></u>

HART COUNTY, GEORGIA
E911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 383,400	\$ 383,400	\$ 413,045	\$ 29,645
Investment earnings	-	-	36	36
Total revenues	<u>383,400</u>	<u>383,400</u>	<u>413,081</u>	<u>29,681</u>
EXPENDITURES				
Current				
Public safety	462,669	462,669	459,174	(3,495)
Total expenditures	<u>462,669</u>	<u>462,669</u>	<u>459,174</u>	<u>(3,495)</u>
Excess (deficiency) of revenues over (under) expenditures	(79,269)	(79,269)	(46,093)	33,176
Other financing sources (uses)				
Transfers in (out) - General Fund	100,000	100,000	80,000	(20,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	20,731	20,731	33,907	13,176
Fund balances, beginning of year	114,322	114,322	114,322	-
Fund balances, end of year	<u>\$ 135,053</u>	<u>\$ 135,053</u>	<u>\$ 148,229</u>	<u>\$ 13,176</u>

HART COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 37,906	\$ (2,094)
Investment earnings	-	-	5	5
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>37,911</u>	<u>(2,089)</u>
EXPENDITURES				
Current				
Public safety	39,300	39,300	27,768	(11,532)
Total expenditures	<u>39,300</u>	<u>39,300</u>	<u>27,768</u>	<u>(11,532)</u>
Excess (deficiency) of revenues over (under) expenditures	700	700	10,143	9,443
Fund balances, beginning of year	<u>20,452</u>	<u>20,452</u>	<u>20,452</u>	<u>-</u>
Fund balances, end of year	<u>\$ 21,152</u>	<u>\$ 21,152</u>	<u>\$ 30,595</u>	<u>\$ 9,443</u>

HART COUNTY, GEORGIA
BEHAVIORAL HEALTH ESCROW SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	-	-	15	15
Miscellaneous	\$ 6,000	\$ 6,000	\$ 4,535	\$ (1,465)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>4,550</u>	<u>(1,450)</u>
EXPENDITURES				
Current				
Health and welfare	6,150	22,270	20,820	(1,450)
Total expenditures	<u>6,150</u>	<u>22,270</u>	<u>20,820</u>	<u>(1,450)</u>
Excess (deficiency) of revenues over (under) expenditures	(150)	(16,270)	(16,270)	-
Fund balances, beginning of year	42,813	42,813	42,813	-
Fund balances, end of year	<u>\$ 42,663</u>	<u>\$ 26,543</u>	<u>\$ 26,543</u>	<u>\$ -</u>

**HART COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018**

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	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 10,128	\$ 10,128
Total revenues	<u>-</u>	<u>-</u>	<u>10,128</u>	<u>10,128</u>
EXPENDITURES				
Current				
Judicial	-	11,921	11,921	-
Total expenditures	<u>-</u>	<u>11,921</u>	<u>11,921</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(11,921)	(1,793)	10,128
Fund balances, beginning of year	18,761	18,761	18,761	-
Fund balances, end of year	<u>\$ 18,761</u>	<u>\$ 6,840</u>	<u>\$ 16,968</u>	<u>\$ 10,128</u>

HART COUNTY, GEORGIA
HEALTH SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 242,000	\$ 242,000	\$ -	\$ (242,000)
Investment earnings	-	-	3,489	3,489
Total revenues	<u>242,000</u>	<u>242,000</u>	<u>3,489</u>	<u>(238,511)</u>
EXPENDITURES				
Current				
Public safety	120,000	228,143	228,143	-
Total expenditures	<u>120,000</u>	<u>228,143</u>	<u>228,143</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	122,000	13,857	(224,654)	(238,511)
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	122,000	13,857	(224,654)	(238,511)
Fund balances, beginning of year	353,031	353,031	353,031	-
Fund balances, end of year	<u>\$ 475,031</u>	<u>\$ 366,888</u>	<u>\$ 128,377</u>	<u>\$ (238,511)</u>

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Combining Financial Statements

Agency Funds

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2018

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	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	\$ 394,836	\$ 919,453	\$ 52,598	\$ 14,510	\$ 103,314	\$ 1,484,711
Taxes receivable	630,897	-	-	-	-	630,897
Total assets	<u>\$ 1,025,733</u>	<u>\$ 919,453</u>	<u>\$ 52,598</u>	<u>\$ 14,510</u>	<u>\$ 103,314</u>	<u>\$ 2,115,608</u>
LIABILITIES						
Due to others	<u>\$ 1,025,733</u>	<u>\$ 919,453</u>	<u>\$ 52,598</u>	<u>\$ 14,510</u>	<u>\$ 103,314</u>	<u>\$ 2,115,608</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended September 30, 2018

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	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, beginning	\$ 326,199	\$ 385,680	\$ 52,523	\$ 22,347	\$ 108,650	\$ 895,399
Additions	24,185,346	1,573,194	535,492	188,479	211,923	26,694,434
Deductions	(24,116,709)	(1,039,421)	(535,417)	(196,316)	(217,259)	(26,105,122)
Cash, ending	<u>394,836</u>	<u>919,453</u>	<u>52,598</u>	<u>14,510</u>	<u>103,314</u>	<u>1,484,711</u>
Taxes receivable, beginning	829,534	-	-	-	-	829,534
Additions	17,861,204	-	-	-	-	17,861,204
Deductions	(18,059,841)	-	-	-	-	(18,059,841)
Taxes receivable, ending	<u>630,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,897</u>
Total assets	<u>\$ 1,025,733</u>	<u>\$ 919,453</u>	<u>\$ 52,598</u>	<u>\$ 14,510</u>	<u>\$ 103,314</u>	<u>\$ 2,115,608</u>
LIABILITIES						
Due to others, beginning	\$ 1,155,733	\$ 385,680	\$ 52,523	\$ 22,347	\$ 108,650	\$ 1,724,933
Additions	24,185,346	1,573,194	535,492	188,479	211,923	26,694,434
Deductions	(24,315,346)	(1,039,421)	(535,417)	(196,316)	(217,259)	(26,303,759)
Due to others, ending	<u>1,025,733</u>	<u>919,453</u>	<u>52,598</u>	<u>14,510</u>	<u>103,314</u>	<u>2,115,608</u>
Total liabilities	<u>\$ 1,025,733</u>	<u>\$ 919,453</u>	<u>\$ 52,598</u>	<u>\$ 14,510</u>	<u>\$ 103,314</u>	<u>\$ 2,115,608</u>

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Part III

Supplemental Schedules Section

This section contains schedules required by the state of Georgia.



**HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #4)
For the Year Ended September 30, 2018**

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Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 3,994,880	\$ 3,994,880	\$ 3,271,085	\$ 687,385	\$ 3,958,470	99.09%
Water system capital outlay	3,200,000	3,200,000	1,683,138	484,631	2,167,769	67.74%
Industrial development capital outlay	3,200,000	3,200,000	2,417,490	205,243	2,622,733	81.96%
Capital outlay projects for the City of Royston	358,400	358,400	310,906	35,622	346,528	96.69%
Capital outlay projects for the Town of Bowersville	185,600	185,600	170,000	14,500	184,500	99.41%
Capital outlay projects for the City of Canon	37,120	37,120	37,120	-	37,120	100.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	2,132,533	211,331	2,343,864	100.00%
Fire protection equipment	1,360,000	1,360,000	958,633	135,286	1,093,919	80.44%
Recreational facilities	1,360,000	1,360,000	1,274,093	3,900	1,277,993	93.97%
Total	\$ 16,000,000	\$ 16,000,000	\$ 12,254,998	\$ 1,777,898	\$ 14,032,896	

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

Note B: On November 2, 2010, the special one percent sales tax #4 was approved by voters in Hart County with funds to be specifically used for:

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

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

**HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #5)
For the Year Ended September 30, 2018**

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Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year		
Roads, streets and bridges	\$ 3,600,000	\$ 3,600,000	\$ -	\$ -	\$ -	0.00%
Water system capital outlay	3,200,000	3,200,000	-	-	-	0.00%
Industrial development capital outlay	3,200,000	3,200,000	-	-	-	0.00%
Capital outlay projects for the City of Royston	358,400	358,400	-	-	-	0.00%
Capital outlay projects for the Town of Bowersville	185,600	185,600	-	-	-	0.00%
Capital outlay projects for the City of Canon	37,100	37,100	-	-	-	0.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	-	231,341	231,341	10.04%
Fire protection facilities and equipment	3,140,000	3,140,000	-	-	-	0.00%
Total	\$ 16,025,100	\$ 16,025,100	\$ -	\$ 231,341	\$ 231,341	

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

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

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

Note C: The estimated \$16,025,100 SPLOST was approved by election held on November 7, 2017, and shall continue for a period of 6 years with collections that started on April 1, 2018.

**HART COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT**

DRAFT

**FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP**

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

Recipient Name

14p-y-073-1-5736

Award Number

August 2015 to August 2018

Award Period

I.	Total Fiscal Year 2015 CDBG Funds Awarded to Recipient:		\$	<u>500,000</u>
II.	Total Amount Drawdown by Recipient from DCA:			
	Reported in Fiscal Year 2016	\$		327,048
	Reported in Fiscal Year 2017			5,410
	Reported in Fiscal Year 2018			<u>167,542</u>
	Total Amount Drawdown by Recipient from DCA		\$	500,000
III.	Less: CDBG Funds Expended by Recipient (Cumulative):			<u>500,000</u>
IV.	Amount of CDBG Funds Held by Recipient:		\$	<u>-</u>
V.	Amount of CDBG Funds Still Available:		\$	<u>-</u>

HART COUNTY, GEORGIA
 PROJECT COST SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 For the Year Ended September 30, 2018

DRAFT
 FOR DISCUSSION PURPOSES ONLY
 BURCH, CROOMS & COMPANY, LLP

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

Recipient Name

14p-y-073-1-5736

Award Number

August 2015 to August 2018

Award Period

<u>Program Activity</u>	<u>CDBG Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated CDBG Expenditures to Date</u>	<u>Accumulated Expenditures to Date (Other Funds)*</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs</u>
Water facilities	P-03J-01	\$ <u>500,000</u>	\$ <u>500,000</u>	\$ <u>336,716</u>	\$ <u>836,716</u>	\$ <u>-</u>
TOTAL		\$ <u>500,000</u>	\$ <u>500,000</u>	\$ <u>336,716</u>	\$ <u>836,716</u>	\$ <u>-</u>

*Source of other funds: local government match \$336,716

**HART COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended September 30, 2018**

DRAFT
FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia (Co-recipient City of Hartwell)
Recipient Name

14q-y-073-1-5729
Award Number

June 4, 2015 to September 5, 2018
Award Period

I.	Total Fiscal Year 2015 CDBG Funds Awarded to Recipient:		\$	<u>500,000</u>
II.	Total Amount Drawdown by Recipient from DCA:			
	Reported in Fiscal Year 2016	\$	43,194	
	Reported in Fiscal Year 2017		169,243	
	Reported in Fiscal Year 2018		<u>287,563</u>	
	Total Amount Drawdown by Recipient from DCA		\$	500,000
III.	Less: Fiscal Year 2015 CDBG Funds Expended by Recipient (Cumulative):			<u>500,000</u>
IV.	Amount of Fiscal Year 2015 CDBG Funds Held by Recipient:		\$	<u>-</u>
V.	Amount of Fiscal Year 2015 CDBG Funds Still Available:		\$	<u>-</u>

HART COUNTY, GEORGIA
 PROJECT COST SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 For the Year Ended September 30, 2018

DRAFT
 FOR DISCUSSION PURPOSES ONLY
 BURCH, CROOMS & COMPANY, LLP

Hart County, Georgia (Co-recipient City of Hartwell)
Recipient Name

14q-y-073-1-5729
Award Number

June 5, 2015 to September 5, 2018
Award Period

<u>Program Activity</u>	<u>CDBG Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated CDBG Expenditures to Date</u>	<u>Accumulated Expenditures to Date (Other Funds)*</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs</u>
Sewer improvements	E-17B-00	\$ 450,000	\$ 450,000	\$ 7,522,063	\$ 7,972,063	\$ -
Grant administration	A-21A-00	30,000	30,000	-	30,000	-
Contingencies	C-022-00	20,000	20,000	-	20,000	-
TOTAL		\$ 500,000	\$ 500,000	\$ 7,522,063	\$ 8,022,063	\$ -

*Source of other funds: local government match \$157,900 and private investment \$7,364,163

DRAFT
FOR DISCUSSION PURPOSES ONLY
BURCH, CROOMS & COMPANY, LLP

Part IV

Compliance Section

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



August XX, 2019

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Hart County, Georgia's basic financial statements and have issued our report thereon dated August XX, 2019. Our report includes a reference to other auditors who audited the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia, as described in our report on Hart County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Hart County, Georgia
Page 2
August XX, 2019

Compliance and Other Matters

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

We noted certain other matters involving the internal control over financial reporting that we have reported to the management of Hart County, Georgia in a separate letter dated August XX, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.