HART COUNTY, GEORGIA

AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

HART COUNTY, GEORGIA
September 30, 2011

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February 15, 2012

Independent Auditor's Report

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

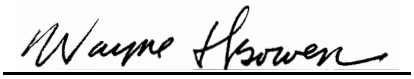
I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of and for the year ended September 30, 2011 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hart County, Georgia's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Hart County Health Department, a nonmajor component unit, as of and for the year then ended June 30, 2011, which statements reflect total assets of $220,738 as of June 30, 2011, and total revenues of $547,025 for the year then ended. These financial statements of the Health Department were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included in the component unit column, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provides a reasonable basis for my opinions.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2012, on my consideration of the County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 50 through 52 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Hart County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2011. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes, please read it in conjunction with the County's financial statements.

Financial Highlights

The total assets of Hart County were $61,039,857, which exceeded its liabilities of $1,570,041 at the close of the most recent fiscal year by $59,469,816.

The government's total net assets increased by $205,193 from that of the prior year.

As of the close of the 2011 fiscal year, Hart County's governmental funds reported combined ending fund balances of $8,682,746 an increase of $1,414,184 in comparison with the prior year.

With an audited undesignated, unreserved General Fund fund balance in excess of 50% of General Fund expenditures at the close of Fiscal Year 2011, the Hart County Board of Commissioners budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. By the end of the 2011 fiscal year, the fund balance for the General Fund was $4,705,478 or 55% of total general fund expenditures. The County Administrator is recommending a target 25-50% of General Fund balance be maintained for cash flow and emergency needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements identify the various functions of Hart County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Hart County, Georgia include general government, judicial, health and welfare, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of Hart County, Georgia are its Solid Waste and Recycling operations.

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net assets may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition. Hart County's assets exceeded liabilities by $59,469,816 at the close of the fiscal year. The table below shows the split of net assets between governmental and business-type activities.

HART COUNTY, GEORGIA'S NET ASSETS
September 30, 2011
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Cash and Investments	$ 6,624	$ 5,344	$ 877	$ 1,282	$ 7,501	$ 6,626
Other Assets	3,664	3,041	113	102	3,777	3,143
Capital Assets	49,244	50,799	517	426	49,761	51,225
Total Assets	59,532	59,184	1,507	1,810	61,039	60,994
Other Liabilities	881	856	21	65	902	921
Long Term Debt Outstanding	332	472	336	337	668	809
Total Liabilities	1,213	1,328	357	402	1,570	1,730
Net Assets:						
Invested in Capital Assets, Net of Debt	48,770	50,192	517	426	49,287	50,618
Unrestricted	9,549	7,664	633	982	10,182	8,646
Total Net Assets	$ 58,319	$ 57,856	$ 1,150	$ 1,408	$ 59,469	$ 59,264

By far the largest portion of the County's net assets at the end of the fiscal year were invested in capital assets. The more than $49 million represents the investment in those assets less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt.

HART COUNTY GEORGIA'S CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011

($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program Revenues						
Charges for Services	$ 2,613	$ 2,396	$ 831	$ 774	$ 3,444	$ 3,170
Grants and Contributions	1,082	1,337	27	-	1,109	1,337
General Revenues						
Taxes	10,786	10,886	-	-	10,786	10,886
Interest	21	22	2	3	23	25
Other	-	30	-	-	-	30
Total Revenues	14,502	14,671	860	777	15,362	15,448
EXPENSES						
Governmental Activities	14,039	14,854	-	-	14,039	14,854
Solid Waste	-	-	1,118	1,005	1,118	1,005
Total Expenses	14,039	14,854	1,118	1,005	15,157	15,859
Transfers		62	-	-	-	62
Increase (Decrease) in Net Assets	463	(121)	(258)	(228)	205	(349)
Net Assets, Beginning	57,856	57,992	1,408	1,636	59,264	59,628
Prior Period Adjustment		(15)	-	-	-	(15)
Net Assets, Ending	$ 58,319	$ 57,856	$ 1,150	$ 1,408	$ 59,469	$ 59,264

Total government-wide revenue for Fiscal Year 2011 was $15.4 million with $10.8 million in taxes, $1.1 million in grants and contributions and $3.5 million in charges for services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

Governmental revenues were down from Fiscal Year 2010. Taxes decreased approximately $0.1 million although there was an increase in charges for services. With an unapproved 2010 tax digest a temporary tax collection was set based on the same millage and digest as 2009. This resulted in no increase in property taxes.

Property tax revenues consisted of over $4.7 million, while sales tax revenues also exceeded $5.1 million in the governmental funds. Sales taxes are a key revenue source that the Hart County Board of Commissioners utilizes to keep property taxes low however these taxes are susceptible to the overall economic conditions. The Hart County unincorporated tax millage rate is one of the lowest rates in the State of Georgia. However, the County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

Expenditures in the governmental funds were $13 million of which $5.2 million was for public safety. The general fund expenditures per capita in Hart County are the lowest rate of expenditure per capita in comparison with 10 surrounding Georgia Counties.

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

Revenues in business type activities (Solid Waste Fund) was $.8 million which was about the same from the previous year.

Expenses in business-type activities (Solid Waste Fund) was approximately $1.1 million in FY 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Hart County's Government-wide investment in capital assets at September 30, 2011 was $49.8 million, net of $27.9 million in accumulated depreciation. The investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities, infrastructure and vehicles, is covered in Note 6.

Major capital asset additions in 2011 consisted of approximately $.76 million. The additions were composed of approximately $33,000 in recreational upgrades, machinery and equipment of approximately $89,000, $40,000 in vehicles, and infrastructure of over $597,000.

Long-term debt of the primary government decreased by approximately $155,000 during Fiscal Year 2011. Additional information on the County's debt is contained in Note 7.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

REQUEST FOR INFORMATION

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

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2011

Basic Financial Statements

HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2011

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and Cash Equivalents	$ 6,624,340	$ 877,466	$ 7,501,806	$ 1,606,855
Receivables(Net of Allowance for Uncollectibles)	2,365,897	62,463	2,428,360	167,325
Intergovernmental Receivables	284,871	-	284,871	-
Inventory	142,842	50,523	193,365	-
Prepaid Items	157,579	-	157,579	4,699
Restricted cash	2,529	-	2,529	169,529
Note Receivables	710,050	-	710,050	-
Capital Assets:				
Land and Improvements	2,062,232	-	2,062,232	4,558,064
Buildings and Improvements	8,908,023	252,685	9,160,708	-
Water and Sewer Lines	-	-	-	11,750,290
Construction in Progress	452,277	-	452,277	216,962
Machinery, Equipment and Other	5,010,961	508,099	5,519,060	345,338
Vehicles	4,078,138	113,180	4,191,318	-
Infrastructure	54,598,656	-	54,598,656	-
Books and Collections	-	-	-	815,473
Recreational Upgrades	1,720,881	-	1,720,881	-
Less Accumulated Depreciation	(27,587,185)	(356,650)	(27,943,835)	(2,621,885)
Capital Assets, Net of Depreciation	49,243,983	517,314	49,761,297	15,064,242
Total Assets	59,532,091	1,507,766	61,039,857	17,012,650
LIABILITIES				
Current Liabilities:				
Accounts Payable	100,893	674	101,567	49,671
Other Accrued Items	176,460	8,212	184,672	1,282
Intergovernmental Payables	34,855	-	34,855	-
Customer Deposits	15,000	-	15,000	57,765
Compensated Absences	412,248	12,362	424,610	18,000
Capital Lease Payable	141,660	-	141,660	-
Notes Payable	-	-	-	18,645
Landfill Closure/Postclosure	-	21,028	21,028	-
Noncurrent Liabilities:				
Capital Lease Payable (Net of Current Portion)	331,223	-	331,223	-
Compensated Absences (Net of Current Portion)	-	-	-	18,390
Notes Payable (Net of Current Portion)	-	-	-	477,268
Landfill Closure/Postclosure (Net of Current Portion)	-	315,426	315,426	-
Total Liabilities	1,212,339	357,702	1,570,041	641,021
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	48,771,100	517,314	49,288,414	14,496,720
Restricted for:				
Capital Projects	-	-	-	143,178
Debt Service	-	-	-	26,351
Unrestricted	9,548,652	632,750	10,181,402	1,705,380
Total Net Assets	$ 58,319,752	$ 1,150,064	$ 59,469,816	$ 16,371,629

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

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2011

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
					PRIMARY GOVERNMENT			
FUNCTIONS/PROGRAMS		CHARGES FOR	OPERATING GRANTS AND	CAPITAL GRANTS AND	GOVERNMENTAL	BUSINESS-TYPE		*COMPONENT*
PRIMARY GOVERNMENT:	EXPENSES	SERVICES	CONTRIBUTIONS	CONTRIBUTIONS	ACTIVITIES	ACTIVITIES	TOTAL	*UNITS*
GOVERNMENTAL ACTIVITIES								
General Government	$ 1,609,018	$ 86,786	$ 48,472	$ -	$ (1,473,760)	$ -	$ (1,473,760)	
Judicial	1,059,313	611,113	-	-	(448,200)	-	(448,200)	
Public Health and Welfare	353,476	186,204	25,063	-	(142,209)	-	(142,209)	
Public Safety	5,468,040	1,671,967	8,294	64,285	(3,723,494)	-	(3,723,494)	
Public Works	4,775,025	-	48,730	398,632	(4,327,663)	-	(4,327,663)	
Recreation and Culture	365,691	44,618	1,691	-	(319,382)	-	(319,382)	
Housing and Development	379,029	12,290	-	486,946	120,207	-	120,207	
Interest and Paying Agent Fees	29,608	-	-	-	(29,608)	-	(29,608)	
Total Governmental Activities	14,039,200	2,612,978	132,250	949,863	(10,344,109)	-	(10,344,109)	
BUSINESS-TYPE ACTIVITIES								
Solid Waste	1,117,997	831,717	26,615	-	-	(259,665)	(259,665)	
Total Primary Government	$ 15,157,197	$ 3,444,695	$ 158,865	$ 949,863	(10,344,109)	(259,665)	(10,603,774)	
COMPONENT UNITS	$ 1,785,267	$ 1,014,554	$ 631,590	$ 798,006				$ 658,883
GENERAL REVENUES								
Property Taxes					4,686,343	-	4,686,343	-
Sales Taxes					5,134,593	-	5,134,593	-
Other Taxes					900,352	-	900,352	-
Alcoholic Beverage Taxes					64,882	-	64,882	-
Investment Earnings					20,811	1,700	22,511	6,723
Miscellaneous					286	-	286	623
Total General Revenues					10,807,267	1,700	10,808,967	7,346
CHANGE IN NET ASSETS					463,158	(257,965)	205,193	666,229
NET ASSETS, Beginning					57,856,594	1,408,029	59,264,623	15,694,137
Prior Period Adjustment					-	-	-	11,263
NET ASSETS, Ending					$ 58,319,752	$ 1,150,064	$ 59,469,816	$ 16,371,629

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

HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	GENERAL	MULTIPLE GRANT	SPLOST#3	INSURANCE PREMIUM TAX	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	$ 2,962,971	$ -	$ 1,745,234	$ 1,034,762	$ 881,373	$ 6,624,340
Inventory	81,530	-	61,312	-	-	142,842
Receivables(Net of Allowance for Uncollectibles)	2,266,053	-	-	-	99,844	2,365,897
Intergovernmental Receivables	42,820	-	242,051	-	-	284,871
Due from other Funds	-	-	-	-	145,000	145,000
Prepaid Items	157,579	-	-	-	-	157,579
Restricted Cash	2,529	-	-	-	-	2,529
TOTAL ASSETS	$ 5,513,482	$ -	$ 2,048,597	$ 1,034,762	$ 1,126,217	$ 9,723,058
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 57,479	$ -	$ 21,028	$ 6,355	$ 16,031	$ 100,893
Other Accrued Items	167,421	-	-	2,914	6,125	176,460
Intergovernmental Payable	-	-	34,855	-	-	34,855
Due to other Funds	-	-	-	-	145,000	145,000
Customer Deposits	15,000	-	-	-	-	15,000
Deferred Revenue	568,104	-	-	-	-	568,104
TOTAL LIABILITIES	808,004	-	55,883	9,269	167,156	1,040,312
FUND BALANCES						
Restricted For:						
Special Revenue Funds	-	-	-	1,025,493	652,965	1,678,458
Capital Projects Funds	-	-	1,992,714	-	306,096	2,298,810
Nonspendable						
Prepaid Items	157,579	-	-	-	-	157,579
Unassigned	4,547,899	-	-	-	-	4,547,899
TOTAL FUND BALANCES	4,705,478	-	1,992,714	1,025,493	959,061	8,682,746
TOTAL LIABILITIES AND FUND BALANCES	$ 5,513,482	$ -	$ 2,048,597	$ 1,034,762	$ 1,126,217	$ 9,723,058

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

Hart County, Georgia
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2011

Total Governmental Fund Balance		**$ 8,682,746**
Amounts Reported for Governmental Activities in the ***Statement of Net Assets*** differs from the amount reported on the ***Balance Sheet*** for the Governmental Funds because:		
Certain long-term assets are not reported in the fund financial statement because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net assets.		
Note Receivable	$ 720,878	
Less 60-Day Collections Reported as a Receivable at the Fund Level	(10,828)	710,050
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the Statement of Net Assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. These assets consist of:		
Land and Improvements	2,062,232	
Buildings	8,908,023	
Construction in Progress	452,277	
Machinery, Equipment and Other	5,010,961	
Vehicles	4,078,138	
Infrastructure	54,598,656	
Recreational Upgrades	1,720,881	
Accumulated Depreciation	(27,587,185)	
Total Capital Assets		49,243,983
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Property Taxes		568,104
Interfund receivables and payable between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund Receivables	(145,000)	
Interfund Payables	145,000	-
Some Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Capital Leases	(472,883)	
Compensated Absences	(412,248)	
Total Capital Leases and Compensated Absences		(885,131)
Net Assets of Governmental Activities		**$ 58,319,752**

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

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	GENERAL	MULTIPLE GRANT	SPLOST#3	INSURANCE PREMIUM TAX	OTHER NONMAJOR FUNDS	TOTAL
REVENUES						
Taxes	$ 6,887,251	$ -	$ 2,938,280	$ 846,581	$ -	$ 10,672,112
Licenses and Permits	62,758	-	-	-	-	62,758
Intergovernmental	195,974	396,408	-	-	-	592,382
Fines and Forfeitures	559,337	-	-	-	49,754	609,091
Charges for Services	1,262,302	-	-	-	615,903	1,878,205
Investment Earnings	5,398	-	1,785	2,355	28,919	38,457
Contributions and Donations	561	-	-	-	-	561
Miscellaneous	69,218	-	-	-	537,382	606,600
TOTAL REVENUES	9,042,799	396,408	2,940,065	848,936	1,231,958	14,460,166
EXPENDITURES						
Current Expenditures						
General Government	1,466,692	-	-	21,923	-	1,488,615
Judicial	1,057,260	-	-	-	4,486	1,061,746
Public Safety	4,350,634	-	-	346,945	508,444	5,206,023
Public Works	803,577	-	-	636,412	-	1,439,989
Health and Welfare	290,312	-	-	-	43,881	334,193
Recreation and Culture	314,821	-	-	-	-	314,821
Housing and Development	256,156	-	-	-	499,794	755,950
Intergovernmental	-	-	522,221	-	-	522,221
Capital Outlay	-	396,408	1,355,891	-	6,548	1,758,847
Debt Service:						
Principal	-	-	-	-	133,969	133,969
Interest and Paying Agent Fees	-	-	-	-	29,608	29,608
TOTAL EXPENDITURES	8,539,452	396,408	1,878,112	1,005,280	1,226,730	13,045,982
NET CHANGE IN FUND BALANCES	503,347	-	1,061,953	(156,344)	5,228	1,414,184
FUND BALANCES, Beginning of Year	4,202,131	-	930,761	1,181,837	953,833	7,268,562
FUND BALANCES, End of Year	$ 4,705,478	$ -	$ 1,992,714	$ 1,025,493	$ 959,061	$ 8,682,746

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

Hart County, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2011

Net Change in Fund Balances - Total Governmental Funds:		**$ 1,414,184**
Amounts reported for governmental activities on the ***Statement of Activities*** are different from the amounts reported in the ***Statement of Revenues, Expenditures, and Changes in Fund Balance*** because:		
The Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Expenditures for Capital Assets	$ 823,461	
Less Current Year Depreciation	(2,378,622)	
Excess of depreciation expense over capital outlay		(1,555,161)
The repayment of the principal of long-term debt consumes current financial resources of the governmental funds; however, it does not have any effect on net assets. This is the amount of debt reduction during the year.		
Loan Repayments		133,969
Proceeds from contractual obligations are recorded as revenue in the funds but have no effect on net assets.		
Note Receivable	470,000	
Payments Received	(71,863)	398,137
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 @ 9/30/11	(412,248)	
Liability @ 9/30/10	370,220	(42,028)
Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
Deferred Revenue at 9/30/11	568,104	
Deferred Revenue at 9/30/10	(454,047)	
Total Increase in Deferred Revenue		114,057
Change in Net Assets of Governmental Activities		**$ 463,158**

HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2011

	SOLID WASTE
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 877,466
Receivables(net of allowance for uncollectibles)	62,463
Inventory	50,523
Total Current Assets	990,452
Noncurrent Assets:	
Capital Assets:	
Vehicles	113,180
Machinery, Equipment and Other	508,099
Buildings	252,685
Less: Accumulated Depreciation	(356,650)
Total Capital Assets (Net of Accumulated Depreciation)	517,314
TOTAL ASSETS	1,507,766
LIABILITIES	
Current Liabilities:	
Accounts Payable	674
Other Accrued Items	8,212
Compensated Absences	12,362
Landfill Closure and Post Closure	21,028
Total Current Liabilities	42,276
Non-Current Liabilities:	
Landfill Closure and Post Closure (Net of Current Portion)	315,426
Total Liabilities	357,702
NET ASSETS	
Invested in Capital Assets	517,314
Unrestricted	632,750
TOTAL NET ASSETS	$ 1,150,064

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2011

	SOLID WASTE
OPERATING REVENUES	
Intergovernmental	$ 26,615
Charges for Services - Refuse Collection	831,717
TOTAL OPERATING REVENUES	858,332
OPERATING EXPENSES	
Personnel Services	369,745
Professional Services	162,383
Purchased Property Services	2,726
Other Purchased Services	488,107
Supplies and Other	62,395
Depreciation	32,641
TOTAL OPERATING EXPENSES	1,117,997
OPERATING LOSS	(259,665)
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	1,700
CHANGE IN NET ASSETS	(257,965)
TOTAL NET ASSETS, Beginning of Year	1,408,029
TOTAL NET ASSETS, End of Year	$ 1,150,064

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

HART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2011

	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	$ 859,552
Payments to Vendors and Other Suppliers	(753,689)
Payments to Employees	(366,598)
Net Cash Used by Operating Activities	(260,735)
CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in Landfill Closure and Post Closure	(21,028)
Purchase of Capital Assets	(124,255)
Net Cash (Used) by Financing Activities	(145,283)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Earnings	1,700
Net Decrease in Cash and Cash Equivalents	(404,318)
CASH, Beginning of Year	1,281,784
CASH, End of Year	$ 877,466

Reconciliation of Operating Loss to Net Cash Flows Used by Operating Activities

Operating Loss	$ (259,665)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:	
Depreciation Expense	32,641
Change In Assets and Liabilities:	
Accounts Receivable	1,220
Inventory	(11,787)
Accounts Payable	(26,291)
Compensated Absences	1,031
Accrued Expenses	2,116
Net Cash Used by Operating Activities	$ (260,735)

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2011

	Agency Funds Total
ASSETS	
Cash	$ 627,542
Taxes Receivable	2,967,996
TOTAL ASSETS	$ 3,595,538
LIABILITIES	
Due to Others	$ 3,595,538
TOTAL LIABILITIES	$ 3,595,538

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2011

	Library	Health Department	Joint Development Authority of Franklin, Hart & Stephens	Water & Sewer Utility Authority	Total
ASSETS					
Cash and Cash Equivalents	$ 29,089	$ 184,505	$ 37,671	$ 1,355,590	$ 1,606,855
Receivables(Net of Allowance for Uncollectibles)	-	36,233	-	131,092	167,325
Prepaid Items	-	-	-	4,699	4,699
Restricted Cash	-	-	169,529	-	169,529
Capital Assets:					
Land and Improvements	-	-	4,558,064	-	4,558,064
Water and Sewer Lines	-	-	-	11,750,290	11,750,290
Machinery, Equipment, and Other	170,577	30,479	-	144,282	345,338
Books and Collections	815,473	-		-	815,473
Construction in Progress	-	-	-	216,962	216,962
Less Accumulated Depreciation	(502,120)	(30,479)	(392,076)	(1,697,210)	(2,621,885)
Capital Assets, Net of Depreciation	483,930	-	4,165,988	10,414,324	15,064,242
Total Assets	513,019	220,738	4,373,188	11,905,705	17,012,650
LIABILITIES					
Current Liabilities					
Accounts Payable	194	10,266	-	39,211	49,671
Notes Payable	-	-	6,375	12,270	18,645
Customer Deposits	-	-	-	57,765	57,765
Other Accrued Items	-	-	-	1,282	1,282
Compensated Absences	-	18,000	-	-	18,000
Non-Current Liabilities					
Notes Payable	-	-	451,983	25,285	477,268
Compensated Absences	-	18,390	-	-	18,390
Total Liabilities	194	46,656	458,358	135,813	641,021
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	483,930	-	3,707,630	10,305,160	14,496,720
Restricted for:					
Capital Projects	-	-	143,178	-	143,178
Debt Service	-	-	26,351	-	26,351
Unrestricted	28,895	174,082	37,671	1,464,732	1,705,380
Total Net Assets	$ 512,825	$ 174,082	$ 3,914,830	$ 11,769,892	$ 16,371,629

Note: The Library, Health Department and the Joint Dev. Authority of Franklin, Hart & Stephens have a June 30 Year End.

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2011

	Library	Health Department	Joint Development Authority of Franklin, Hart & Stephens	Water & Sewer Utility Authority	Total
EXPENSES					
Public Health and Welfare	$ -	$ 539,693	$ -	$ -	$ 539,693
Public Works	-	-	-	812,570	812,570
Recreation and Culture	329,654	-	-	-	329,654
Housing and Development	-	-	80,387	-	80,387
TOTAL EXPENSES	329,654	539,693	80,387	812,570	1,762,304
PROGRAM REVENUES					
Charges for Services	9,192	210,544	-	794,818	1,014,554
Operating Grants and Contributions	285,933	336,481	9,176	-	631,590
Capital Grants and Contributions	-	-	-	798,006	798,006
TOTAL PROGRAM REVENUES	295,125	547,025	9,176	1,592,824	2,444,150
NET (EXPENSE) REVENUE	(34,529)	7,332	(71,211)	780,254	681,846
GENERAL REVENUES					
Investment Earnings	23	-	791	5,909	6,723
Miscellaneous and Other	623	-	(22,061)	(902)	(22,340)
TOTAL GENERAL REVENUES	646	-	(21,270)	5,007	(15,617)
CHANGE IN NET ASSETS	(33,883)	7,332	(92,481)	785,261	666,229
NET ASSETS, Beginning	546,708	155,487	4,007,311	10,984,631	15,694,137
Prior Period Adjustment	-	11,263	-	-	11,263
NET ASSETS, Ending	$ 512,825	$ 174,082	$ 3,914,830	$ 11,769,892	$ 16,371,629

Note: The Library, Health Department and the Joint Dev. Authority of Franklin, Hart & Stephens have a June 30 Year End.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

Hart County, Georgia (the County) is a entity governed by a five member commission who serve on a part-time basis and are elected to staggered four-year terms. The commission appoints an Administrator who is responsible for the daily operations of the Government. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers.

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

Hart County Library

The Hart County Library serves all citizens of Hart County and operates pursuant to Official Code of Georgia Annotated Sections 20-5-40 through 20-5-59 to provide public library services with costs shared by participating local governmental agencies and grants from the State of Georgia. The Library Board consists of 7 members appointed jointly by the Hart County Board of Commissioners, the Hartwell City Council and the Hart County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the State of Georgia for State and Federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Board has the power to designate management, the power to retain unreserved fund balances of local and other funds for continued operations and is the lowest level of oversight responsibility for the Library's operations. The Hart County Board of Commissioners provides a substantial amount of financial support for the operations of the Library.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hart County Health Department

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

Hart County Water and Sewer Utility Authority

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

Joint Development Authority of Franklin, Hart and Stephens Counties

The Authority is a public body corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. It has been authorized by the General Assembly of Georgia and has been created and activated by concurrent resolutions of the Boards of Commissioners of said counties duly filed with the Secretary of State of Georgia as a joint development authority under O.C.G.A. 36-62.5.1.

The purpose of the Authority is to promote the economic development of the geographical areas of its operation, encourage cooperation among economic development organizations within the area of the participating counties and to exercise all the powers granted to a development authority pursuant to the provisions of O.C.G.A. 36-62-1 et seq.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

HART COUNTY LIBRARY
150 Benson Street
Hartwell, Georgia 30643
(June 30, 2011 year end)

HART COUNTY HEALTH DEPARTMENT
64 Reynolds Street
Hartwell, Georgia 30643
(June 30, 2011 year end)

HART COUNTY WATER AND SEWER UTILITY AUTHORITY
200 Arthur Street
Hartwell, Georgia 30643
(September 30, 2011 year end)

JOINT DEVELOPMENT AUTHORITY OF FRANKLIN, HART AND STEPHENS COUNTIES
P.O. Box 793
Hartwell, Georgia 30643
(June 30, 2011 year end)

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is made.

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

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

The government reports the following major governmental funds:

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

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

The Insurance Premium Tax Fund accounts for the collection of the premium tax placed on Insurance Companies. This tax is collected at the state level and then distributed for use to the various counties in the state.

The Multiple Grant Fund accounts for the receipt and expenditures of grant monies from Federal and State awarding agencies. Even though the Multiple Grant Fund does not meet the requirements to be reported as a major fund, management has elected to list the Multiple Grant Fund as a major fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

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

Proprietary funds distinguish operating revenues and expenses form nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary fund are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Basis of Accounting

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

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

2. Receivables and Payables

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

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

Property taxes attach as an enforceable lien on property as of April 21, 2011. The taxes for the 2010 digest year were levied on November 15, 2010, billed on November 15, 2010, and had a due date of January 21, 2011. Interest of 1% per month is assessed on taxes not paid by January 21, 2011. A penalty of 10% is assessed on taxes not paid within 90 days of this date. Property taxes became past due on January 22, 2011.

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

For the digest years 2009, 2010, & 2011 temporary bills have been issued. An interest rate of 1% per month is assessed on taxes paid late. However, there will be no penalty of 10%.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Accrued Personal and Sick Leave

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

6. Lease

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

7. Fund Equity

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

Fund Balance - Generally, fund balance represents the differences between the current assets and current liabilities. 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 purposes for which amounts in those funds can be spent. 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 either through the 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 Board of Commissioners through the adoption of a resolution. The Board of Commissioners 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. Through resolution, the Board of Commissioners has authorized the County's finance committee or the County's finance director to assign fund balances.

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. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for us 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: Committed, Assigned, and Unassigned

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Management Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

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

Then the proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners hold public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the government's administrator or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

NOTE 3 - FINANCIAL ASSISTANCE TO COMPONENT UNITS

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

Component Unit	Amount of Assistance
Hart County Library	$ 77,000
Hart County Health Department	73,238
Hart County Water and Sewer Authority	798,006
The Joint Development Authority of Franklin, Hart and Stephens Counties	9,176
Total Financial Assistance to Component Units	$ 957,420

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 4- DEPOSITS

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

The County's deposits are classified as follows at September 30, 2011:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government	$1,494,663	$ 7,063,351	$ -	$ 8,558,014	$ 8,131,877
Component Units					
Hart Co. Library	20,050	12,664	-	32,714	29,089
Hart Co. Health Dept.	200,787	-	-	200,787	184,505
Hart Co. Water & Sewer Utility	309,969	1,045,473	-	1,355,442	1,355,590
The Joint Development Auth. Of Franklin, Hart & Stephens Counties	187,072	20,159	-	207,231	207,200
Total Component Units	717,878	1,078,296	-	1,796,174	1,776,384
Total	$2,212,541	$ 8,141,647	$ -	$ 10,354,188	$ 9,908,261

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 6,624,340
Governmental Funds - Balance Sheet (Restricted)	2,529
Proprietary Fund Type - Statement of Net Assets	877,466
Statement of Fiduciary Assets and Liabilities	627,542
Total	$ 8,131,877

NOTE 4- DEPOSITS (CONTINUED)

Credit Risk

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the United States government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of September 30, 2011, the investments in the Georgia Fund 1 was rated AAAm by Standard & Poor's.

Of the $8,131,877 carrying amount of cash and cash equivalents for the Primary Government, $7,063,351 is invested in the Local Government Investment Pool "Georgia Fund 1".

Georgia Fund 1 was created by OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7-like pool. Georgia Fund 1 is managed by the Office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Total investments in Georgia Fund 1 as of September 30, 2011 are:

Georgia Fund I	AAAm rated	$ 7,063,351	58 day WAM

Interest rate risk

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

Custodial credit risk - deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At September 30, 2011, all deposits of the County were adequately insured or collateralized.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 5 - RECEIVABLES

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

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

	General Fund	SPLOST #3	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:				
Property Taxes	$ 695,649	$ -	$ -	$ 695,649
Accounts	3,046,166	-	99,844	3,146,010
Intergovernmental	42,820	242,051	-	284,871
Total Gross Receivables	3,784,635	242,051	99,844	4,126,530
Less: Allowance for Uncollectibles	(1,475,764)	-	-	(1,475,764)
Total Net Receivables	$ 2,308,871	$ 242,051	$ 99,844	$ 2,650,766
Note Receivable	$ -	$ -	$ 720,878	$ 720,878

During Fiscal Year 2005, the County received an Employment Incentive Grant of $295,176. They in turn received a long-term note from Quality Industries, LLC in the amount of $283,176 at a 3% interest rate per anum. The note is being repaid in equal consecutive installments of $2,371.53. As of September 30, 2011 the remaining balance of the note is $133,433 with a current amount of $23,966.

During Fiscal Year 2006, the County received another Employment Incentive Grant in the amount of $92,675. A corresponding long-term note was received from Quality Industries, LLC for $89,300 at a 3% interest rate per anum. The monthly installments are $1,179.75 with a remaining balance of $24,456 as of September 30, 2011. The current amount is $13,147.

The original Employment Incentive Programs dictated that proceeds from repayment of the loans described above be used as a Revolving Loan Fund and loaned out to further assist employers in the area. During Fiscal Year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note has an original principal balance of $145,000 together with interest of 3% per anum. The note is being repaid in equal consecutive installments of $1,400.13 per month over (120) months with the first receipt due in December 2008. As of September 30, 2011, the remaining balance of the note is $108,408 with a current amount of $13,323.

NOTE 5 - RECEIVABLES - CONTINUED

The original Employment Incentive Programs dictated that proceeds from repayment of the loans described above be used as a Revolving Loan Fund and loaned out to further assist employers in the area. During Fiscal Year 2011, the County entered into an agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note has an original principal balance of $470,000 together with interest of 3% per anum. The note is being repaid in equal consecutive installments of $6,210.25. As of September 30, 2011, the remaining balance of the note is $454,580 with a current amount of $30,642.

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

	Library	Health Department	Water & Sewer Utility Authority	The Joint Dev. Authority of Franklin, Hart & Stephens	Total
Accounts Receivable	$ -	$ 36,233	$ 131,092	$ -	$ 167,325

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land and Improvements	$ 2,062,232	$ -	$ -	$ 2,062,232
Construction in Progress	387,830	64,447	-	452,277
Total Non-depreciable Capital Assets	2,450,062	64,447	-	2,514,509
Depreciable Assets:				
Buildings	8,908,023	-	-	8,908,023
Machinery, Equipment and Other	4,922,031	88,930		5,010,961
Vehicles	4,038,073	40,065		4,078,138
Infrastructure	54,001,617	597,039		54,598,656
Recreational Upgrades	1,687,901	32,980		1,720,881
Total Depreciable Capital Assets	73,557,645	759,014	-	74,316,659
Less Accumulated Depreciation				
Buildings	(1,895,408)	(127,654)		(2,023,062)
Machinery, Equipment and Other	(1,738,786)	(269,394)		(2,008,180)
Vehicles	(1,417,634)	(220,005)		(1,637,639)
Infrastructure	(20,029,845)	(1,727,605)		(21,757,450)
Recreational Upgrades	(126,890)	(33,964)		(160,854)
Total Accumulated Depreciation	(25,208,563)	(2,378,622)	-	(27,587,185)
Total Depreciable Capital Assets, Net	48,349,082	(1,619,608)	-	46,729,474
Governmental Activities Capital Assets, Net	$50,799,144	$(1,555,161)	$ -	$49,243,983
Business-type Activities:				
Depreciable Assets:				
Buildings	$ 128,430	$ 124,255	$ -	$ 252,685
Machinery, Equipment and Other	508,099	-	-	508,099
Vehicles	113,180	-	-	113,180
Total Depreciable Capital Assets	749,709	124,255	-	873,964
Less Accumulated Depreciation				
Buildings	(13,012)	(6,262)	-	(19,274)
Machinery, Equipment and Other	(252,465)	(22,607)	-	(275,072)
Vehicles	(58,531)	(3,773)	-	(62,304)
Total Accumulated Depreciation	(324,008)	(32,642)	-	(356,650)
Business-type Activities Capital Assets, Net	$ 425,701	$ 91,613	$ -	$ 517,314

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	$ 116,257
Housing & Development	1,253
Judicial	4,260
Public Health and Welfare	8,114
Public Safety	345,180
Public Works	1,842,741
Recreation and Culture	60,817
Total Depreciation expense-governmental activities	$ 2,378,622
Business-type Activities:	
Solid Waste	$ 32,642

Discretely Presented Component Units:

Health Department

Activity for the Health Department for the year ended June 30, 2011 was as follows:

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

Library

Activity for the Library for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, Equipment and Other	$ 170,578	$ -	$ -	$ 170,578
Books and Collections	673,762	141,710	-	815,472
Less Accumulated Depreciation				
Machinery, Equipment and Other	(122,385)	(6,589)	-	(128,974)
Books and Collections	(198,230)	(174,916)		(373,146)
Capital Assets, net	$ 523,725	$ (39,795)	$ -	$ 483,930

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Water and Sewer Authority

Activity for the Water and Sewer Authority for the year ended September 30, 2011 was as follows.

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets:				
Construction in Progress	$ 2,104,466	$ 187,976	$(2,075,480)	$ 216,962
Depreciable Assets:				
Water & Sewer Lines	9,393,172	2,357,118	-	11,750,290
Machinery, Equipment and Other	72,673	-	-	72,673
Total Depreciable Capital Assets	9,465,845	2,357,118	-	11,822,963
Less Accumulated Depreciation/Amortization				
Water & Sewer Lines	(1,394,538)	(236,880)	-	(1,631,418)
Machinery, Equipment and Other	(61,448)	(4,344)	-	(65,792)
Total Depreciable Capital Assets, net	8,009,859	2,115,894	-	10,125,753
Capital Assets, Net	$10,114,325	$2,303,870	$(2,075,480)	$10,342,715

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

	Beginning Balance	Additions	Deductions	Ending Balance
Feasibility Study	$ 19,482	$ -	$ -	$ 19,482
Water Consumption Plan	13,403	-	-	13,403
Water System Master Plan	59,847	-	-	59,847
Less Accumulated Amortization				
Feasibility Study	(7,387)	(974)	-	(8,361)
Water Consumption Plan	(5,473)	(1,340)	-	(6,813)
Water System Master Plan	(3,953)	(1,996)		(5,949)
Feasibility Study, Net of Amortization	$ 75,919	$ (4,310)	$ -	$ 71,609

The Joint Development Authority for Franklin, Hart and Stephens Counties

Activity for The Joint Development Authority for Franklin, Hart and Stephens Counties for the year ended June 30, 2011 was as follows:

Non-Depreciable Assets	Beginning Balance	Additions	Retirements	Ending Balance
Land and Improvements	$ 1,309,359	$ -	$ -	$ 1,309,359
Depreciable Assets:				
Site Improvements	3,239,529	9,176	-	3,248,705
Less Accumulated Depreciation	(325,793)	(66,283)	-	(392,076)
Total Depreciable Capital Assets, net	2,913,736	(57,107)	-	2,856,629
Capital Assets, Net	$ 4,223,095	$ (57,107)	$ -	$ 4,165,988

NOTE 7 - LONG TERM DEBT

Capital Leases

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

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

During FY 2011, the County made total payments of $163,577 toward the DFACS building lease. Of this total payment, $133,969 was a reduction of principal while $29,608 was interest paid.

The future minimum lease obligations for the DFACS lease as of September 30, 2011 is as follows:

Year Ending September 30	DFACS
2012	$ 163,577
2013	163,577
2014	163,577
2015	69,262
Total	559,993
Less: Interest	(87,110)
Present Value of Minimum Lease Payments	$ 472,883

NOTE 7 - LONG TERM DEBT (CONTINUED)

Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. On May 1, 1997 in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. The $336,454 reported as landfill closure and post closure care liability at September 30, 2011 represents the estimated total amount necessary to perform all future closure and post closure functions. The amount reported is based on what it would cost to perform all closure and post closure care in 2011. Actual costs may be higher due to changes in inflation, technology, or applicable laws or regulations. Amortization of the above total closure and post closure care liability over the remaining 16 years of required monitoring is $21,028 per year.

CHANGES IN LONG TERM DEBT
Long term liability activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 370,220	$ 42,028	$ -	$ 412,248	$ 412,248
Capital Leases	606,852	-	(133,969)	472,883	141,660
Governmental Activities Long-term Liabilities	$ 977,072	$ 42,028	$ (133,969)	$ 885,131	$ 553,908
Business-type Activities:					
Compensated Absences	$ 11,331	$ 1,031	$ -	$ 12,362	$ 12,362
Landfill Closure/Postclosure	357,482	-	(21,028)	336,454	21,028
Business-type Activities Long-term Liabilities	$ 368,813	$ 1,031	$ (21,028)	$ 348,816	$ 33,390

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

Fund	Compensated Absences Liability
Governmental Activities:	
General	$ 393,276
E-911	8,205
Insurance Premium	10,767
Total	$ 412,248
Business-type Activities:	
Solid Waste	$ 12,362

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 7 - LONG TERM DEBT (CONTINUED)

COMPONENT UNITS

Health Department

Long term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 33,613	$ 2,777		$ 36,390	$ 18,000

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

Water and Sewer Authority

Note payable activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	$ 49,582	$ -	$ (12,027)	$ 37,555	$ 12,270

In FY 2003 Hart County Water and Sewer Authority began the Waterline Extension/Lavonia Connector Phase 1 project. It was funded by the City of Lavonia and a GEFA Loan. The project was completed in June 2005, at a cost of $196,165. Current Depreciation was $3,923 and the book value at September 30, 2011 is $166,740.

The Georgia Environmental Facilities Authority (GEFA) Loan is a low interest loan with a original principal loan amount of $116,918. As of September 30, 2011 the GEFA Loan carried a balance of $37,555 with an annual interest rate of 2%.The first payment of $3,232.25 was due on October 1, 2004 and then quarterly thereafter. Below is the future minimum obligated payments:

Year Ending September 30	Interest	Principal	Total Payment
2012	$ 659	$ 12,270	$ 12,929
2013	412	12,517	12,929
2014	161	12,768	12,929
Total	$ 1,232	$ 37,555	38,787
	Less: Interest		(1,232)
	Present Value of Minimum Payments		$ 37,555

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 7 - LONG TERM DEBT (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

Notes payable activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	$ 501,947	$ -	$ (43,589)	$ 458,358	$ 6,375

The Authority is obligated to pay to the Hart County Electric Membership Corporation $4,166.67 monthly, at no interest until the balance is paid off. The balance as of June 30, 2011 is $0. The original loan in the amount of $387,500 was for Capital Improvements. The Improvements were completed at a cost of $2,855,189 with accumulated depreciation of $374,195 at June 30, 2011.

On July 18, 2002, the Authority borrowed on a promissory note from the United States Department of Agriculture (U.S.D.A.) $500,000 for Capital Improvements. According to the terms of the note, total payments of $28,150 including interest at 4.75% per annum are due beginning July 18, 2003 and every year thereafter. In addition, the Authority must set aside in a reserve account $2,815 annually until such balance reaches $28,150. The Improvements were completed at a cost of $3,239,529 with accumulated depreciation of $392,076 at June 30, 2011.

Below is the debt amortization of the U.S.D.A. note:

	U.S.D.A. Loan		
Year Ending June 30	Principal	Interest	Total Payment
2012	$ 6,375	$ 21,775	$ 28,150
2013	6,678	21,472	28,150
2014	6,995	21,155	28,150
2015	7,327	20,823	28,150
2016	7,675	20,475	28,150
2017-2021	44,205	96,545	140,750
2022-2026	55,752	84,998	140,750
2027-2031	70,313	70,437	140,750
2032-2036	88,679	52,071	140,750
2037-2041	111,841	28,909	140,750
2042-2043	52,518	3,782	56,300
Total	$ 458,358	$ 442,442	900,800
Less: Interest			(442,442)
Present Value of Minimum Lease Payments			$ 458,358

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 8 - INTERFUND BALANCES: DUE TO/FROM

Interfund balances for the year ended September 30, 2011 were as follows:

Payable from the EIP (Employment Incentive Program) Fund #3 to:	
EIP Fund #1	$ 110,000
EIP Fund #2	35,000
Total Payable from the EIP Fund #3	$ 145,000

Interfund balances at September 30, 2011, represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

NOTE 9 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

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

NOTE 10 – PENSION PLANS

A. Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with a Deferred Compensation Plan as discussed below. The plan is administered by Mack Poss and Associates. The Plan can be amended or removed by a majority vote of the Hart County Board of Commissioners. Contributions required under the plan equaled $ 80,778 by the County and $ 128,548 by employees. Actual contributions made to the plan were $80,778 by the County and $ 128,548 by the employees. Percentage of covered payroll contributed by the County was 3.0% and 5.0% by the employees. Total salaries paid for the current year were $5,837,972.

B. Deferred Compensation Plan

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

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

(1) Only full time employees are eligible.

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

NOTE 10 – PENSION PLANS (CONTINUED)

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

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

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

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

(6) Employees may contribute up to a maximum of $16,500 or 25% of their annual salary. There are additional catch-up provisions for employees nearing retirement.

(7) Employees will have a choice regarding how their contributions are invested as detailed below:

A. A fixed account (i.e. annuity) with ING insurance company
B. Fixed and variable accounts (i.e. mutual funds) with Lincoln National - the variable accounts are managed by Janis and Fidelity.
C. Employees may participate in any combination of available funds in 10% increments.

(8) Employee and employer contributions are tax deferred. Taxes will be due upon withdrawal.

NOTE 11 - RISK MANAGEMENT

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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

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

The following are insurance and liability coverage limits:

Property	$24,600,000
Inland Marine	2,060,000
Liability limits per occurrence:	
Comprehensive General Liability, Law Enforcement Liability and Officials Liability	3,000,000
Automobile Liability	3,000,000
Errors and Omissions Liability	3,000,000
Crime Protection	150,000
Employee Dishonesty	50,000

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

Medical coverage for employees is with Alliant. The County has two plans that have various co pays ranging from $25 to $1,000 depending on the plan and type of treatment. The maximum annual out-of-pocket is either $1,500 individually/$4,500 family for the H-502 plan and $3,000 individually/$9,000 family for the H-1002 plan. The maximum lifetime benefit for both plans is $5,000,000.

NOTE 12 - CONTINGENT LIABILITIES

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

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

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 13 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

The funds expended between the Joint Development Authority of Franklin, Hart & Stephens County and Hart County require an reconciliation due to the Authority having a year end of June 30, 2011. Reconciliation of monies expended by Hart County and revenues received by the Authority are as follows:

Total Funds contributed or expended by Hart County FY'11 on behalf of the Authority.	$	9,176
Less funds paid to the Authority between June 30, 2011 and September 30, 2011		-
Revenue shown on the Joint Development Authority of Franklin, Hart & Stephens Co. Audit for Year Ending June 30, 2011	$	9,176

The funds expended between the Hart County Library and Hart County also require a reconciliation due to the Library having a year end of June 30, 2011. Reconciliation of monies expended by Hart County and revenues received by the Library are as follows:

Total Funds contributed or expended by Hart County FY' 11 on behalf of the Library.	$	77,000
Less funds paid to the Library between June 30, 2011 and September 30, 2011		(19,250)
Plus funds paid to the Library between June 30, 2010 and September 30, 2010		20,250
Revenue shown on the Hart County Library Audit for Year Ending June 30, 2010	$	78,000

NOTE 14 - JOINT VENTURE

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

NOTE 15 - PRIOR PERIOD ADJUSTMENT

Component Units

The Hart County Health Department required a $11,263 prior period adjustment for revenue from prior periods.

NOTE 16 - EMPLOYMENT INCENTIVE PROGRAM FUND (nonmajor)

For reporting purposes during Fiscal Year 2011, management has decided to consolidate what were four nonmajor Employment Incentive Program Funds from the prior fiscal years. This consolidation will help to properly report the financial figures for the Employment Incentive Program as a whole. The following is a reconciliation of Fiscal Year 2011 ending Fund Balance.

EIP Fund #1	$ 194,539
EIP Fund #2	71,971
EIP Fund #3	(99,210)
EIP Fund #4	9,418
Total Fiscal Year 2011 Fund Balance	$ 176,718

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE 17 - FUND EQUITY

Fund Balances:

Nonspendable - The following fund balance is nonspendable because it is allocated to:

General Fund:	
Prepaid Insurance	$ 157,579

Restricted - The following fund balances are restricted for:

DFACS - used to account for the operations on the DFACS building.	$ 19,414
Drug Abuse Treatment and Education - used to accounts for drug related expenditures.	29,497
E911 - used to account for the operations of E-911 center.	366,617
Jail - used to account for the operations of the Jail.	12,161
Behavioral Health Escrow - used to account for operations on behavioral health.	39,840
Law Library - used to account for the operations of the County law library	8,718
EIP - used to to create future employment opportunities and build infrastructure.	176,718
Total	$ 652,965

Capital Projects Funds:

Special Purpose Local Option Sales Tax Fund (SPLOST) - used to account for capital projects financed with SPLOST	$ 2,298,810

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2011

Required Supplementary Information

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2011
(Required Supplementary Information)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 6,922,800	$ 6,922,800	$ 6,887,251	$ (35,549)
Licenses and Permits	63,250	63,250	62,758	(492)
Intergovernmental	173,892	173,892	195,974	22,082
Fines and Forfeitures	435,000	435,000	559,337	124,337
Charges for Services	920,600	920,600	1,262,302	341,702
Investment Earnings	5,200	5,200	5,398	198
Contributions & Donations	1,015	1,015	561	(454)
Miscellaneous	48,892	48,892	69,218	20,326
TOTAL REVENUES	8,570,649	8,570,649	9,042,799	472,150
EXPENDITURES				
Current Expenditures				
General Government				
General Government	134,514	134,514	96,573	37,941
Board of Registrars	32,891	35,641	35,579	62
Elections	20,712	20,712	19,609	1,103
Professional	117,000	117,000	102,389	14,611
Executive	342,822	342,822	338,675	4,147
Tax Commissioner	282,901	282,901	244,137	38,764
Tax Assessors	401,549	394,048	363,101	30,947
Risk Management	172,283	172,283	160,286	11,997
Buildings and Properties	105,400	105,400	102,263	3,137
General Administration Fees	4,250	4,250	4,080	170
Total General Government	1,614,322	1,609,571	1,466,692	142,879
Judicial				
Superior Court	127,198	151,198	150,718	480
Clerk of Superior Court	249,525	266,525	266,216	309
Probate Court	264,993	264,993	261,667	3,326
Grand Jury	46,800	63,300	62,842	458
Public Defender	71,277	71,639	71,000	639
District Attorney	9,340	9,740	9,673	67
Magistrate Court	165,464	165,464	162,409	3,055
Board of Equalization	23,474	73,474	72,735	739
Total Judicial	958,071	1,066,333	1,057,260	9,073
Public Safety				
Sheriff	1,587,929	1,587,929	1,538,022	49,907
Jail Operations	990,104	1,010,604	1,010,267	337
Whitworth Parole Center	30,000	33,750	33,573	177
Coroner and Medical Examiner	15,795	16,795	16,582	213
Emergency Management	27,070	27,070	21,597	5,473
Emergency Medical Service	1,717,594	1,717,594	1,687,043	30,551
Animal Control	43,550	43,550	43,550	-
Total Public Safety	$ 4,412,042	$ 4,437,292	$ 4,350,634	$ 86,658

continued….

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2011
(Required Supplementary Information)

continued….	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
Public Works				
Highways & Streets	$ 538,891	$ 538,891	$ 464,813	$ 74,078
Maintenance Shop	381,276	381,276	330,968	50,308
Water & Sewer Authority	-	8,000	7,796	204
Total Public Works	920,167	928,167	803,577	124,590
Public Health and Welfare				
Health	76,138	80,638	80,382	256
Welfare	34,000	34,000	34,000	-
Senior Citizens Center	117,742	117,742	115,391	2,351
Transportation Services	42,538	61,038	60,538	500
Total Public Health and Welfare	270,418	293,418	290,311	3,107
Recreation and Culture				
Recreation	243,061	243,061	222,521	20,540
HYDRA	15,000	15,000	15,000	-
Library Administration	77,000	77,500	77,300	200
Total Recreation and Culture	335,061	335,561	314,821	20,740
Housing and Development				
Agricultural Resources	71,193	71,193	65,619	5,574
Economic Development & Assistance	218,778	218,778	174,102	44,676
Airport Authority	3,500	3,500	3,500	-
Community Action Programs	100	100	100	-
Adult Basic Education	12,750	12,850	12,835	15
Total Housing and Development	306,321	306,421	256,156	50,265
TOTAL EXPENDITURES	8,816,402	8,976,763	8,539,451	437,312
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(245,753)	(406,114)	503,348	909,462
OTHER FINANCING SOURCES(USES)				
Carryover of Funds	245,753	406,114	-	(406,114)
NET CHANGE IN FUND BALANCE	-	-	503,348	503,348
FUND BALANCE, Beginning of Year	-	-	4,202,130	4,202,130
FUND BALANCE, End of Year	$ -	$ -	$ 4,705,478	$ 4,705,478

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2011

NOTE 1 - BUDGETARY INFORMATION

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

During Fiscal Year 2011, the following were no departments that overspent their budget:

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2011

Supplementary Information

HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2011

	Capital Projects Fund	Special Revenue Funds							
	SPLOST #2	D.H.R. DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Employment Incentive Program	TOTAL
ASSETS									
Cash and Cash Equivalents	$ 281,967	$ 19,414	$ 31,230	$ 310,275	$ 15,002	$ 39,840	$ 9,076	$ 174,569	$ 881,373
Receivables(Net of Allowance for Uncollectibles)	24,129	-	571	62,467	1,851	-	-	10,826	99,844
Due from other funds	-	-	-	-	-	-	-	145,000	145,000
TOTAL ASSETS	$ 306,096	$ 19,414	$ 31,801	$ 372,742	$ 16,853	$ 39,840	$ 9,076	$ 330,395	$ 1,126,217
LIABILITIES									
Accounts Payable	$ -	$ -	$ 2,304		$ 4,692	$ -	$ 358	$ 8,677	$ 16,031
Other Accrued Items	-	-	-	6,125		-	-	-	6,125
Due to Other Funds	-	-	-	-	-	-	-	145,000	145,000
TOTAL LIABILITIES	-	-	2,304	6,125	4,692	-	358	153,677	167,156
FUND BALANCES									
Restricted For:									
Special Revenue Funds	-	19,414	29,497	366,617	12,161	39,840	8,718	176,718	652,965
Capital Projects Funds	306,096	-	-	-	-	-			306,096
Total Fund Balance	306,096	19,414	29,497	366,617	12,161	39,840	8,718	176,718	959,061
TOTAL LIABILITIES AND FUND BALANCES	$ 306,096	$ 19,414	$ 31,801	$ 372,742	$ 16,853	$ 39,840	$ 9,076	$ 330,395	$ 1,126,217

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	Capital Projects Fund	Special Revenue Funds							
	SPLOST #2	D.H.R. DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Employment Incentive Program	TOTAL
REVENUES									
Charges for Services	$ -	$ 169,789	$ -	$ 440,114	$ -	$ 6,000	$ -	$ -	$ 615,903
Fines and Forfeitures	-	-	9,303	-	32,738	-	7,713	-	49,754
Investment Earnings	440	-	31	572	6	73	-	27,797	28,919
Miscellaneous	-	-	-	-	-	-	-	537,382	537,382
TOTAL REVENUES	440	169,789	9,334	440,686	32,744	6,073	7,713	565,179	1,231,958
EXPENDITURES									
Current Expenditures									
Judicial	-	-	-	-	-	-	4,486	-	4,486
Public Safety	-	-	-	485,458	22,986		-	-	508,444
Health and Welfare	-	13,394	30,487	-	-	-	-	-	43,881
Housing and Development	-	-	-	-	-	1,968	-	497,826	499,794
Capital Outlay	6,548			-	-	-	-	-	6,548
Debt Service:									
Principal	-	133,969	-	-	-	-	-	-	133,969
Interest and Paying Agent Fees	-	29,608	-	-	-	-	-	-	29,608
TOTAL EXPENDITURES	6,548	176,971	30,487	485,458	22,986	1,968	4,486	497,826	1,226,730
NET CHANGE IN FUND BALANCES	(6,108)	(7,182)	(21,153)	(44,772)	9,758	4,105	3,227	67,353	5,228
FUND BALANCES, Beginning of Year	312,204	26,596	50,650	411,389	2,403	35,735	5,491	109,365	953,833
FUND BALANCES, End of Year	$ 306,096	$ 19,414	$ 29,497	$ 366,617	$ 12,161	$ 39,840	$ 8,718	$ 176,718	$ 959,061

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	$ 261,195	$ 273,358	$ 33,800	$ 22,503	$ 36,686	$ 627,542
Taxes Receivable	2,967,996	-	-	-	-	2,967,996
TOTAL ASSETS	$ 3,229,191	$ 273,358	$ 33,800	$ 22,503	$ 36,686	$ 3,595,538
LIABILITIES						
Due to Others	$ 3,229,191	$ 273,358	$ 33,800	$ 22,503	$ 36,686	$ 3,595,538

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash, Balance Sept. 30, 2010	$ 267,701	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 582,914
Additions	18,739,827	528,234	478,393	262,067	174,359	20,182,880
Deductions	(18,746,333)	(463,893)	(477,134)	(260,573)	(190,319)	(20,138,252)
Cash, Balance Sept. 30, 2011	261,195	273,358	33,800	22,503	36,686	627,542
Taxes Receivable, Sept. 30, 2010	2,303,237	-	-	-	-	2,303,237
Additions	16,913,856	-	-	-	-	16,913,856
Deductions	(16,249,097)	-	-	-	-	(16,249,097)
Taxes Receivable, Sept. 30, 2011	2,967,996	-	-	-	-	2,967,996
TOTAL ASSETS	$ 3,229,191	$ 273,358	$ 33,800	$ 22,503	$ 36,686	$ 3,595,538
LIABILITIES						
Due to Others, Sept. 30, 2010	$ 2,570,938	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 2,886,151
Additions	18,739,827	528,234	478,393	262,067	174,359	20,182,880
Deductions	(18,081,574)	(463,893)	(477,134)	(260,573)	(190,319)	(19,473,493)
Due to Others, Sept. 30, 2011	3,229,191	273,358	33,800	22,503	36,686	3,595,538
TOTAL LIABILITIES, Sept. 30, 2011	$ 3,229,191	$ 273,358	$ 33,800	$ 22,503	$ 36,686	$ 3,595,538

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2011

Additional Supplementary Information

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CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2012

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

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

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for Hart County, Georgia for the year ended September 30, 2011. These schedules are the responsibility of Hart County, Georgia's management. My responsibility is to express an opinion on the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Hart County, Georgia's resolution or ordinance calling for the tax for the year ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #2)
For the Year Ended September 30, 2011

Project	Estimated Cost		Expenditures			Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years	Total	
Roads, Streets and Bridges	$ 4,500,000	$ 4,500,000	$ 5,736,750	$ 6,548	$ 5,743,298	100.00%
Water System and Capital Outlay	3,300,000	3,300,000	3,019,662	-	3,019,662	91.50%
Industrial Development Capital Outlay	1,860,000	1,860,000	2,247,417	-	2,247,417	100.00%
County Library/Literacy Center Capital Outlay	300,000	300,000	320,998	-	320,998	100.00%
Fire Protection Equipment	1,020,000	1,020,000	1,140,776	-	1,140,776	100.00%
Recreational Facilities	1,020,000	1,020,000	1,020,200	-	1,020,200	100.00%
Total	$12,000,000	$12,000,000	$ 13,485,803	$ 6,548	$ 13,492,351	

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

Note B: On November 7, 2000, the Special One Percent Sales Tax #2 was approved by voters in Hart County with funds to be specifically used for:

1) Roads, Streets & Bridges
2) Economic Development
3) Recreational Facilities
4) County Library/Literacy Center
5) Fire Fighting Equipment
6) Water Projects

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #3)
For the Year Ended September 30, 2011

Project	Estimated Cost		Expenditures				Estimated Percentage of
	Original	Current	Prior Period Adjustment	Prior Years	Current Years	Total	Completion
Roads, Streets and Bridges	$ 4,036,600	$ 4,036,600	$ (59,130)	$ 5,888,762	$ 687,437	$ 6,517,069	100.00%
Water System Capital Outlay	3,200,000	3,200,000	-	1,262,526	550,752	1,813,278	56.66%
Industrial Development Capital Outlay	3,200,000	3,200,000	-	1,441,998	174,347	1,616,345	50.51%
Capital Outlay Projects for the City of Royston	99,000	99,000	-	39,631	9,996	49,627	50.13%
Capital Outlay Projects for the City of Bowersville	83,000	83,000	59,130	33,000	-	92,130	100.00%
Capital Outlay Projects for the City of Canon	15,000	15,000	-	15,000	-	15,000	100.00%
Sewer Improvements for the City of Hartwell	2,246,400	2,246,400	-	1,958,175	422,225	2,380,400	100.00%
Fire Protection Equipment	1,360,000	1,360,000	-	970,168	375	970,543	71.36%
Recreational Facilities	1,360,000	1,360,000	-	1,136,276	32,980	1,169,256	85.97%
Total	$15,600,000	$15,600,000	$ -	$ 12,745,536	$1,878,112	$14,623,648	

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

Note B: On November 8, 2005, the Special One Percent Sales Tax #3 was approved by voters in Hart County with funds to be specifically used for:
1) Roads, Streets & Bridges
2) Water System Capital Outlay Projects
3) Economic Development Capital Outlay Projects
4) Recreational Facilities
5) Fire Fighting Equipment
6) Water & Sewer Projects for the City of Hartwell
7) Capital Outlay Projects for the Cities of Royston, Bowersville and Canon

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

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GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

I have audited the 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, 2011, which collectively comprise the Hart County, Georgia's basic financial statements and have issued my report thereon dated February 15, 2012. My report includes a reference to other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Hart County Health Department, 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 seperately by those auditors.

Internal Control over Financial Reporting

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

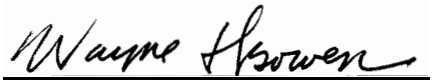
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

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

Compliance and Other Matters

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

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



Certified Public Accountant