HART COUNTY, GEORGIA

AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

HART COUNTY, GEORGIA
September 30, 2010

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

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

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2011

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, 2010 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, 2010, which statements reflect total assets of $196,025 as of June 30, 2010, and total revenues of $571,237 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 19, 2011, 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 48 through 50 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wayne Howren

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, 2010. 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 $60,994,393, which exceeded its liabilities of $1,729,770 at the close of the most recent fiscal year by $59,264,623.

The government's total net assets decreased by $362,914 from that of the prior year.

As of the close of the 2010 fiscal year, Hart County's governmental funds reported combined ending fund balances of $7,268,562 an increase of $260,710 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 2009, the Hart County Board of Commissioners budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. This budgeted excess disbursements over revenues for Fiscal Year 2010 were associated primarily with the contract tax assessment revaluation project. Some expenses were shifted from the General Fund to special revenue funds in order to maintain adequate reserves in the General Fund.

By the end of the 2010 fiscal year, the unreserved fund balance for the General Fund was $4,202,131 or 45% of total general fund expenditures mirroring a planned excess disbursements over revenues. The County Administrator is recommending a target 25-50% of General Fund balance be maintained for cash flow and emergency needs. In light of contemporary economic conditions, in Fiscal Year 2010 the County halted all one time capital projects with the exception of funding the completion of the 2009 Board Of Assessors contract tax revaluation begun in prior fiscal years.

In Fiscal Year 2010, the Hart County Board Of Commissioners decided to temporarily shift some General Fund Expenses from the General Fund to the Insurance Premium Tax Fund which has sufficient fund balance carry forward.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Hart County's basic financial statements. Hart County's basic financial statements are 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 thirteen 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 nine 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 $59,264,623 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, 2010
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Cash and Investments	$ 5,344	$ 5,552	$ 1,282	$ 1,436	$ 6,626	$ 6,988
Other Assets	3,041	2,495	102	75	3,143	2,570
Capital Assets	50,799	51,400	426	521	51,225	51,921
Total Assets	59,184	59,447	1,810	2,032	60,994	61,479
Other Liabilities	856	849	65	39	921	888
Long Term Debt Outstanding	472	606	337	357	809	963
Total Liabilities	1,328	1,455	402	396	1,730	1,851
Net Assets:						
Invested in Capital Assets, Net of Debt	50,192	50,666	426	521	50,618	51,187
Unrestricted	7,664	7,326	982	1,115	8,646	8,441
Total Net Assets	$ 57,856	$ 57,992	$ 1,408	$ 1,636	$ 59,264	$ 59,628

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

HART COUNTY GEORGIA'S CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2010

($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues						
Charges for Services	$ 2,396	$ 2,539	$ 774	$ 759	$ 3,170	$ 3,298
Grants and Contributions	1,337	451	-	15	1,337	466
General Revenues						
Taxes	10,886	10,297	-	-	10,886	10,297
Interest	22	74	3	14	25	88
Other	30	12	-	-	30	12
Total Revenues	14,671	13,373	777	788	15,448	14,161
EXPENSES						
Governmental Activities	14,854	14,719	-	-	14,854	14,719
Solid Waste	-	-	1,005	992	1,005	992
Total Expenses	14,854	14,719	1,005	992	15,859	15,711
Transfers	62	-	-	-	62	-
Increase (Decrease) in Net Assets	(121)	(1,346)	(228)	(204)	(349)	(1,550)
Net Assets, Beginning	57,992	59,338	1,636	1,800	59,628	61,138
Prior Period Adjustment	(15)	-	-	40	(15)	40
Net Assets, Ending	$ 57,856	$ 57,992	$ 1,408	$ 1,636	$ 59,264	$ 59,628

Total government-wide revenue for Fiscal Year 2010 was $15.4 million with $10.9 million in taxes, $1.3 million in grants and contributions and $3.2 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 up from Fiscal Year 2009. Taxes increased approximately $0.7 million although the bulk of the increase in governmental revenue was primarily due to an intergovernmental grants. With an unapproved 2009 tax digest a temporary tax collection was set based on the same millage and digest as 2008. This resulted in no increaase in property taxes. The primary increase in tax revenues was Sales Taxes which followed very low sales tax revenues from 2009. Althought the sales tax revenues for 2010 were higher than 2009, the 2010 revenues were the worst performance seen since 2005 (other than 2009).

Property tax revenues consisted of over $4.8 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 $14.4 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 almost $.8 million which was about the same from the previous year.

Expenses in business-type activities (Solid Waste Fund) was approximately $1 million in FY 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Hart County's Government-wide investment in capital assets at September 30, 2010 was $51.2 million, net of $25.5 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 2010 consisted of approximately $1.8 million, all of which were recorded by the governmental activities. The additions were composed of approximately $850,000 in buildings, machinery and equipment of approximately $112,000, $472,000 in vehicles, and infrastructure of over $800,000.

Long-term debt of the primary government decreased by approximately $150,000 during Fiscal Year 2010. 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, 2010

Basic Financial Statements

HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2010

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNITS
ASSETS				
Cash and Cash Equivalents	$ 5,344,623	$ 1,281,784	$ 6,626,407	$ 1,200,996
Receivables(Net of Allowance for Uncollectibles)	1,986,305	63,683	2,049,988	185,222
Intergovernmental Receivables	439,824	-	439,824	-
Inventory	156,708	38,736	195,444	-
Prepaid Items	142,314	-	142,314	4,699
Restricted cash	3,659	-	3,659	245,747
Note Receivables	311,913	-	311,913	-
Capital Assets:				
Land and Improvements	2,062,232	-	2,062,232	4,548,888
Buildings	8,908,023	128,430	9,036,453	-
Water and Sewer Lines	-	-	-	9,393,172
Construction in Progress	387,830	-	387,830	2,104,466
Machinery, Equipment and Other	4,922,031	508,099	5,430,130	349,649
Vehicles	4,038,073	113,180	4,151,253	-
Infrastructure	54,001,617	-	54,001,617	-
Books and Collections	-	-	-	673,761
Recreational Upgrades	1,687,901	-	1,687,901	-
Less Accumulated Depreciation	(25,208,563)	(324,009)	(25,532,572)	(2,132,872)
Capital Assets, Net of Depreciation	50,799,144	425,700	51,224,844	14,937,064
Total Assets	59,184,490	1,809,903	60,994,393	16,573,728
LIABILITIES				
Current Liabilities:				
Accounts Payable	144,611	26,965	171,576	136,921
Other Accrued Items	155,502	6,096	161,598	1,177
Intergovernmental Payables	35,773	-	35,773	-
Customer Deposits	14,938	-	14,938	54,815
Contracts and Retainage Payable	-	-	-	101,537
Compensated Absences	370,220	11,331	381,551	19,000
Capital Lease Payable - Current	134,660	-	134,660	-
Notes Payable - Current	-	-	-	55,902
Landfill Closure/Postclosure	-	21,028	21,028	-
Noncurrent Liabilities:				
Capital Lease Payable (Net of Current Portion)	472,192	-	472,192	-
Compensated Absences (Net of Current Portion)	-	-	-	14,613
Notes Payable (Net of Current Portion)	-	-	-	495,627
Landfill Closure/Postclosure (Net of Current Portion)	-	336,454	336,454	-
Total Liabilities	1,327,896	401,874	1,729,770	879,592
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	50,192,292	425,700	50,617,992	14,309,616
Restricted for:				
Capital Projects	-	-	-	222,259
Debt Service	-	-	-	23,488
Unrestricted	7,664,302	982,329	8,646,631	1,138,773
Total Net Assets	$ 57,856,594	$ 1,408,029	$ 59,264,623	$ 15,694,136

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

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2010

FUNCTIONS/PROGRAMS		**PROGRAM REVENUES**			**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**			
					PRIMARY GOVERNMENT			
PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	*COMPONENT UNITS*
GOVERNMENTAL ACTIVITIES								
General Government	$ 2,464,464	$ 129,345	$ 48,075	$ -	$ (2,287,044)	$ -	$ (2,287,044)	
Judicial	976,868	549,745	-	-	(427,123)	-	(427,123)	
Public Health and Welfare	431,293	181,379	13,179	-	(236,735)	-	(236,735)	
Public Safety	5,094,865	1,495,780	50,482	114,390	(3,434,213)	-	(3,434,213)	
Public Works	5,080,103	-	40,697	1,120,648	(3,918,758)	-	(3,918,758)	
Recreation and Culture	376,724	31,647	638	-	(344,439)	-	(344,439)	
Housing and Development	393,135	8,036	11,050	-	(374,049)	-	(374,049)	
Interest and Paying Agent Fees	36,666	-	-	-	(36,666)	-	(36,666)	
Total Governmental Activities	14,854,118	2,395,932	164,121	1,235,038	(11,059,027)	-	(11,059,027)	
BUSINESS-TYPE ACTIVITIES								
Solid Waste	1,005,063	773,684	-	-	-	(231,379)	(231,379)	
Total Primary Government	$ 15,859,181	$ 3,169,616	$ 164,121	$ 1,235,038	(11,059,027)	(231,379)	(11,290,406)	
COMPONENT UNITS	$ 1,720,102	$ 1,042,106	$ 653,405	$ 1,810,931				$ 1,786,340
GENERAL REVENUES								
Property Taxes					4,805,022	-	4,805,022	-
Sales Taxes					5,120,253	-	5,120,253	-
Other Taxes					900,855	-	900,855	-
Alcoholic Beverage Taxes					59,502	-	59,502	-
Investment Earnings					22,797	3,473	26,270	9,173
Miscellaneous					30,590	-	30,590	1,021
Total General Revenues					10,939,019	3,473	10,942,492	10,194
CHANGE IN NET ASSETS					(120,008)	(227,906)	(347,914)	1,796,534
NET ASSETS, Beginning					57,991,602	1,635,935	59,627,537	13,898,860
Prior Period Adjustment					(15,000)	-	(15,000)	(1,258)
NET ASSETS, Ending					$ 57,856,594	$ 1,408,029	$ 59,264,623	$ 15,694,136

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

HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	GENERAL	MULTIPLE GRANT	SPLOST#3	INSURANCE PREMIUM TAX	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	$ 2,682,201	$ -	$ 560,084	$ 1,202,208	$ 900,130	$ 5,344,623
Inventory	81,550	-	75,158	-	-	156,708
Receivables(Net of Allowance for Uncollectibles)	1,920,529	-	-	-	65,776	1,986,305
Intergovernmental Receivables	42,249	149,154	248,421	-	-	439,824
Due from other Funds	-	-	149,154	-	-	149,154
Prepaid Items	142,314	-	-	-	-	142,314
Restricted Cash	3,659	-	-	-	-	3,659
TOTAL ASSETS	$ 4,872,502	$ 149,154	$ 1,032,817	$ 1,202,208	$ 965,906	$ 8,222,587
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 53,603	$ -	$ 66,283	$ 17,702	$ 7,023	$ 144,611
Other Accrued Items	147,783	-	-	2,669	5,050	155,502
Intergovernmental Payable	-	-	35,773	-	-	35,773
Due to other Funds	-	149,154	-	-	-	149,154
Customer Deposits	14,938	-	-	-	-	14,938
Deferred Revenue	454,047	-	-	-	-	454,047
TOTAL LIABILITIES	670,371	149,154	102,056	20,371	12,073	954,025
FUND BALANCES						
Unreserved, Undesignated, Reported in						
General Fund	4,202,131	-	-	-	-	4,202,131
Special Revenue Funds	-	-	-	1,181,837	641,629	1,823,466
Capital Projects Funds	-	-	930,761	-	312,204	1,242,965
TOTAL FUND BALANCES	4,202,131	-	930,761	1,181,837	953,833	7,268,562
TOTAL LIABILITIES AND FUND BALANCES	$ 4,872,502	$ 149,154	$ 1,032,817	$ 1,202,208	$ 965,906	$ 8,222,587

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, 2010

Total Governmental Fund Balance		**$ 7,268,562**
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	$ 316,733	
Less 60-Day Collections Reported as a Receivable at the Fund Level	(4,820)	311,913
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	387,830	
Machinery, Equipment and Other	4,922,031	
Vehicles	4,038,073	
Infrastructure	54,001,617	
Recreational Upgrades	1,687,901	
Accumulated Depreciation	(25,208,563)	
Total Capital Assets		50,799,144
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		454,047
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	(294,154)	
Interfund Payables	294,154	-
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	(606,852)	
Compensated Absences	(370,220)	
Total Capital Leases and Compensated Absences		(977,072)
Net Assets of Governmental Activities		**$ 57,856,594**

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, 2010

	GENERAL	MULTIPLE GRANT	SPLOST#3	INSURANCE PREMIUM TAX	OTHER NONMAJOR FUNDS	TOTAL
REVENUES						
Taxes	$ 6,938,355	$ -	$ 2,930,054	$ 870,456	$ -	$ 10,738,865
Licenses and Permits	63,055	-	-	-	-	63,055
Intergovernmental	251,750	1,078,319	3,090	-	-	1,333,159
Fines and Forfeitures	503,990	-	-	-	43,486	547,476
Charges for Services	1,128,578	-	-	-	559,460	1,688,038
Investment Earnings	6,260	-	1,981	4,210	13,046	25,497
Contributions and Donations	63,300	-	-	-	-	63,300
Miscellaneous	127,985	-	-	-	48,973	176,958
TOTAL REVENUES	9,083,273	1,078,319	2,935,125	874,666	664,965	14,636,348
EXPENDITURES						
Current Expenditures						
General Government	2,331,139	-	-	22,073	-	2,353,212
Judicial	970,026	-	-	-	2,887	972,913
Public Safety	4,350,061	-	-	364,844	533,689	5,248,594
Public Works	757,719	-	-	635,429	-	1,393,148
Health and Welfare	292,842	-	-	-	128,564	421,406
Recreation and Culture	315,939	-	-	-	-	315,939
Housing and Development	263,345	-	-	-	1,970	265,315
Intergovernmental	-	-	561,439	-	-	561,439
Capital Outlay	-	1,078,319	1,567,717	-	19,059	2,665,095
Debt Service:						
Principal	-	-	-	-	126,911	126,911
Interest and Paying Agent Fees	-	-	-	-	36,666	36,666
TOTAL EXPENDITURES	9,281,071	1,078,319	2,129,156	1,022,346	849,746	14,360,638
NET CHANGE IN FUND BALANCES	(197,798)	-	805,969	(147,680)	(184,781)	275,710
Prior Period Adjustment	(15,000)	-	-		-	(15,000)
FUND BALANCES, Beginning of Year	4,414,929	-	124,792	1,329,517	1,138,614	7,007,852
FUND BALANCES, End of Year	$ 4,202,131	$ -	$ 930,761	$ 1,181,837	$ 953,833	$ 7,268,562

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, 2010

Net Change in Fund Balances - Total Governmental Funds:		**$ 275,710**
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	$ 1,770,122	
Less Current Year Depreciation	(2,371,132)	
Excess of depreciation expense over capital outlay		(601,010)
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		126,911
Proceeds from contractual obligations are recorded as revenue in the funds but have no effect on net assets.		
Payments Received		(49,005)
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 @ 9/30/10	(370,220)	
Liability @ 9/30/09	350,837	(19,383)
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 9/30/10	454,047	
Deferred Revenue at 9/30/09	(307,278)	
Total Increase in Deferred Revenue		146,769
Change in Net Assets of Governmental Activities		**$ (120,008)**

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

HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2010

	SOLID WASTE
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,281,784
Receivables(net of allowance for uncollectibles)	63,683
Inventory	38,736
Total Current Assets	1,384,203
Noncurrent Assets:	
Capital Assets:	
Vehicles	113,180
Machinery, Equipment and Other	508,099
Buildings	128,430
Less: Accumulated Depreciation	(324,009)
Total Capital Assets (Net of Accumulated Depreciation)	425,700
TOTAL ASSETS	1,809,903
LIABILITIES	
Current Liabilities:	
Accounts Payable	26,965
Other Accrued Items	6,096
Compensated Absences	11,331
Landfill Closure and Post Closure	21,028
Total Current Liabilities	65,420
Non-Current Liabilities:	
Landfill Closure and Post Closure (Net of Current Portion)	336,454
Total Liabilities	401,874
NET ASSETS	
Invested in Capital Assets	425,700
Unrestricted	982,329
TOTAL NET ASSETS	$ 1,408,029

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

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2010

	SOLID WASTE
OPERATING REVENUES	
Charges for Services - Refuse Collection	$ 773,684
OPERATING EXPENSES	
Personnel Services	363,657
Professional Services	53,211
Purchased Property Services	3,748
Other Purchased Services	441,074
Supplies and Other	47,625
Depreciation	33,636
TOTAL OPERATING EXPENSES	942,951
OPERATING LOSS	(169,267)
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	3,473
(Loss) on Disposal of Capital Asset	(62,112)
TOTAL NON-OPERATING EXPENSES	(58,639)
CHANGE IN NET ASSETS	(227,906)
TOTAL NET ASSETS, Beginning of Year	1,635,935
TOTAL NET ASSETS, End of Year	$ 1,408,029

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, 2010

	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	$ 749,787
Payments to Vendors and Other Suppliers	(523,045)
Payments to Employees	(363,418)
Net Cash Used by Operating Activities	(136,676)
CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in Landfill Closure and Post Closure	(21,028)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Earnings	3,473
Net Decrease in Cash and Cash Equivalents	(154,231)
CASH, Beginning of Year	1,436,015
CASH, End of Year	$ 1,281,784

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

Operating Loss	$ (169,267)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:	
Depreciation Expense	33,636
Change In Assets and Liabilities:	
Accounts Receivable	(23,897)
Inventory	(4,003)
Accounts Payable	26,615
Compensated Absences	(615)
Accrued Expenses	855
Net Cash Used by Operating Activities	$ (136,676)

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

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2010

	Agency Funds Total
ASSETS	
Cash	$ 582,914
Taxes Receivable	2,303,237
TOTAL ASSETS	$ 2,886,151
LIABILITIES	
Due to Others	$ 2,886,151
TOTAL LIABILITIES	$ 2,886,151

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2010

	Library	Health Department	Joint Development Authority of Franklin, Hart & Stephens	Water & Sewer Utility Authority	Total
ASSETS					
Cash and Cash Equivalents	$ 25,831	$ 157,591	$ 40,415	$ 977,159	$ 1,200,996
Receivables(Net of Allowance for Uncollectibles)	-	38,434	-	146,788	185,222
Prepaid Items	-	-	-	4,699	4,699
Restricted Cash	-	-	245,747	-	245,747
Capital Assets:					
Land and Improvements	-	-	4,548,888	-	4,548,888
Water and Sewer Lines	-	-	-	9,393,172	9,393,172
Machinery, Equipment, and Other	170,578	30,479	-	148,592	349,649
Books and Collections	673,761	-		-	673,761
Construction in Progress	-	-	-	2,104,466	2,104,466
Less Accumulated Depreciation	(320,615)	(30,479)	(325,792)	(1,455,986)	(2,132,872)
Capital Assets, Net of Depreciation	523,724	-	4,223,096	10,190,244	14,937,064
Total Assets	549,555	196,025	4,509,258	11,318,890	16,573,728
LIABILITIES					
Current Liabilities					
Accounts Payable	2,847	6,926	-	127,148	136,921
Notes Payable	-	-	43,875	12,027	55,902
Contracts and Retainage Payable	-	-	-	101,537	101,537
Customer Deposits	-	-	-	54,815	54,815
Other Accrued Items	-	-	-	1,177	1,177
Compensated Absences	-	19,000	-	-	19,000
Non-Current Liabilities					
Notes Payable	-	-	458,072	37,555	495,627
Compensated Absences	-	14,613	-	-	14,613
Total Liabilities	2,847	40,539	501,947	334,259	879,592
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	523,724	-	3,721,149	10,064,743	14,309,616
Restricted for:					
Capital Projects	-	-	222,259	-	222,259
Debt Service	-	-	23,488	-	23,488
Unrestricted	22,984	155,486	40,415	919,888	1,138,773
Total Net Assets	$ 546,708	$ 155,486	$ 4,007,311	$ 10,984,631	$ 15,694,136

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, 2010

	Library	Health Department	Joint Development Authority of Franklin, Hart & Stephens	Water & Sewer Utility Authority	Total
EXPENSES					
Public Health and Welfare	$ -	$ 547,067	$ -	$ -	$ 547,067
Public Works	-	-	-	742,211	742,211
Recreation and Culture	326,605	-	-	-	326,605
Housing and Development	-	-	80,743	-	80,743
TOTAL EXPENSES	326,605	547,067	80,743	742,211	1,696,626
PROGRAM REVENUES					
Charges for Services	9,465	241,371	-	791,270	1,042,106
Operating Grants and Contributions	282,889	329,866	40,650	-	653,405
Capital Grants and Contributions	-	-	235,807	1,575,124	1,810,931
TOTAL PROGRAM REVENUES	292,354	571,237	276,457	2,366,394	3,506,442
NET (EXPENSE) REVENUE	(34,251)	24,170	195,714	1,624,183	1,809,816
GENERAL REVENUES					
Investment Earnings	42	-	2,296	6,835	9,173
Miscellaneous and Other	1,021	-	(22,337)	(1,139)	(22,455)
TOTAL GENERAL REVENUES	1,063	-	(20,041)	5,696	(13,282)
CHANGE IN NET ASSETS	(33,188)	24,170	175,673	1,629,879	1,796,534
NET ASSETS, Beginning	581,179	131,291	3,831,638	9,354,752	13,898,860
Prior Period Adjustment	(1,283)	25	-	-	(1,258)
NET ASSETS, Ending	$ 546,708	$ 155,486	$ 4,007,311	$ 10,984,631	$ 15,694,136

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, 2010

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.

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, 2010 year end)

HART COUNTY HEALTH DEPARTMENT
64 Reynolds Street
Hartwell, Georgia 30643
(June 30, 2010 year end)

HART COUNTY WATER AND SEWER UTILITY AUTHORITY
200 Arthur Street
Hartwell, Georgia 30643
(September 30, 2010 year end)

JOINT DEVELOPMENT AUTHORITY OF FRANKLIN, HART AND STEPHENS COUNTIES
P.O. Box 793
Hartwell, Georgia 30643
(June 30, 2010 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.

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, 2010. The taxes for the 2009 digest year were levied on November 16, 2009, billed on November 19, 2009, and had a due date of January 20, 2010. Interest of 1% per month is assessed on taxes not paid by January 21, 2010. A penalty of 10% is assessed on taxes not paid within 90 days of this date. Property taxes became past due on January 21, 2010.

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.

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

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

8. Management Estimates

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

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:

DEPARTMENT	EXPENDITURES	BUDGETED	EXCESS
General Government			
Tax Assessors	$ 919,719	$ 842,774	$ 76,945
Judicial			
Superior Court	$ 159,439	$ 131,057	$ 28,382
Grand Jury	$ 61,305	$ 50,300	$ 11,005
Public Safety			
Emergency Medical Service	$ 1,810,246	$ 1,714,322	$ 95,924
Public Health and Welfare			
Senior Citizens Center	$ 130,601	$ 110,190	$ 20,411
Transportation Services	$ 45,440	$ 33,810	$ 11,630
Recreation and Culture			
Recreation	$ 219,939	$ 183,072	$ 36,867

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	$ 81,000
Hart County Health Department	73,288
Hart County Water and Sewer Authority	1,275,124
The Joint Development Authority of Franklin, Hart and Stephens Counties	105,000
Total Financial Assistance to Component Units	$ 1,534,412

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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, 2010:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government	$1,310,421	$ 6,378,834	$ -	$ 7,689,255	$ 7,212,980
Component Units					
Hart Co. Library	17,281	12,642	-	29,923	25,831
Hart Co. Health Dept.	179,019	-	-	179,019	157,591
Hart Co. Water & Sewer Utility	308,934	684,249	-	993,183	977,159
The Joint Development Auth. Of Franklin, Hart & Stephens Counties	268,408	20,254	-	288,662	286,162
Total Component Units	773,642	717,145	-	1,490,787	1,446,743
Total	$2,084,063	$ 7,095,979	$ -	$ 9,180,042	$ 8,659,723

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 5,344,623
Governmental Funds - Balance Sheet (Restricted)	3,659
Proprietary Fund Type - Statement of Net Assets	1,281,784
Statement of Fiduciary Assets and Liabilities	582,914
Total	$ 7,212,980

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, 2010, the investments in the Georgia Fund 1 was rated AAAm by Standard & Poor's.

Of the $7,212,980 carrying amount of cash and cash equivalents for the Primary Government, $6,378,834 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, 2010 are:

Georgia Fund I	AAAm rated	$ 6,378,834	47 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, 2010, all deposits of the County were adequately insured or collateralized.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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	Multiple Grant Fund	SPLOST #3	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Property Taxes	$ 548,632	$ -	$ -	$ -	$ 548,632
Accounts	2,638,439	-	-	65,776	2,704,215
Intergovernmental	42,249	149,154	248,421	-	439,824
Total Gross Receivables	3,229,320	149,154	248,421	65,776	3,692,671
Less: Allowance for Uncollectibles	(1,266,542)		-	-	(1,266,542)
Total Net Receivables	$1,962,778	$ 149,154	$ 248,421	$ 65,776	$ 2,426,129
Note Receivable	$ -	$ -	$ -	$ 316,733	$ 316,733

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, 2010 the remaining balance of the note is $157,399 with a current amount of $23,298.

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 $37,603 as of September 30, 2010. The current amount is $12,805.

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, 2010, the remaining balance of the note is $121,731 with a current amount of $12,870.

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	$ -	$ 38,434	$ 146,788	$ -	$ 185,222

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land and Improvements	$ 1,911,304	$ 150,928	$ -	$ 2,062,232
Construction in Progress	1,063,993	127,435	(803,598)	387,830
Total Non-depreciable Capital Assets	2,975,297	278,363	(803,598)	2,450,062
Depreciable Assets:				
Buildings	8,050,554	857,469	-	8,908,023
Machinery, Equipment and Other	4,809,805	112,226	-	4,922,031
Vehicles	3,565,342	472,731	-	4,038,073
Infrastructure	53,163,598	838,019	-	54,001,617
Recreational Upgrades	1,672,988	14,913	-	1,687,901
Total Depreciable Capital Assets	71,262,287	2,295,358	-	73,557,645
Less Accumulated Depreciation				
Buildings	(1,773,515)	(121,893)	-	(1,895,408)
Machinery, Equipment and Other	(1,455,060)	(283,726)	-	(1,738,786)
Vehicles	(1,213,096)	(204,538)	-	(1,417,634)
Infrastructure	(18,302,479)	(1,727,366)	-	(20,029,845)
Recreational Upgrades	(93,281)	(33,609)	-	(126,890)
Total Accumulated Depreciation	(22,837,431)	(2,371,132)	-	(25,208,563)
Total Depreciable Capital Assets, Net	48,424,856	(75,774)	-	48,349,082
Governmental Activities Capital Assets, Net	$51,400,153	$ 202,589	$ (803,598)	$50,799,144
Business-type Activities:				
Depreciable Assets:				
Buildings	$ 128,430	$ -	$ -	$ 128,430
Machinery, Equipment and Other	617,287	-	(109,188)	508,099
Vehicles	142,562	-	(29,382)	113,180
Total Depreciable Capital Assets	888,279	-	(138,570)	749,709
Less Accumulated Depreciation				
Buildings	(8,821)	(4,191)	-	(13,012)
Machinery, Equipment and Other	(284,453)	(24,426)	56,414	(252,465)
Vehicles	(73,556)	(5,019)	20,044	(58,531)
Total Accumulated Depreciation	(366,830)	(33,636)	76,458	(324,008)
Business-type Activities Capital Assets, Net	$ 521,449	$ (33,636)	$ (62,112)	$ 425,701

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	$ 127,165
Housing & Development	1,903
Judicial	5,047
Public Health and Welfare	8,114
Public Safety	324,492
Public Works	1,843,729
Recreation and Culture	60,682
Total Depreciation expense-governmental activities	$ 2,371,132
Business-type Activities:	
Solid Waste	$ 33,636

Discretely Presented Component Units:

Health Department
Activity for the Health Department for the year ended June 30, 2010 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, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, Equipment and Other	$ 170,578	$ -	$ -	$ 170,578
Books and Collections	832,917	9,387	(168,542)	673,762
Less Accumulated Depreciation				
Machinery, Equipment and Other	(115,796)	(6,589)	-	(122,385)
Books and Collections	(326,093)	(40,679)	168,542	(198,230)
Capital Assets, net	$ 561,606	$ (37,881)	$ -	$ 523,725

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Water and Sewer Authority

Activity for the Water and Sewer Authority for the year ended September 30, 2010 was as follows.

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets:				
Construction in Progress	$ 258,211	$ 1,888,461	$ (42,206)	$ 2,104,466
Depreciable Assets:				
Water & Sewer Lines	9,284,585	108,587	-	9,393,172
Machinery, Equipment and Other	72,673	-	-	72,673
Total Depreciable Capital Assets	9,357,258	108,587	-	9,465,845
Less Accumulated Depreciation/Amortization				
Water & Sewer Lines	(1,204,007)	(190,531)	-	(1,394,538)
Machinery, Equipment and Other	(55,265)	(6,183)	-	(61,448)
Total Depreciable Capital Assets, net	8,097,986	(88,127)	-	8,009,859
Capital Assets, Net	$ 8,356,197	$ 1,800,334	$ (42,206)	$ 10,114,325

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	(6,413)	(974)	-	(7,387)
Water Consumption Plan	(4,133)	(1,340)	-	(5,473)
Water System Master Plan	(1,961)	(1,992)		(3,953)
Feasibility Study, Net of Amortization	$ 80,225	$ (4,306)	$ -	$ 75,919

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, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets				
Land and Improvements	$ 1,309,359	$ -	$ -	$ 1,309,359
Construction in Progress	13,544	-	(13,544)	-
Total Non-Depreciable Capital Assets	1,322,903	-	(13,544)	1,309,359
Depreciable Assets:				
Site Improvements	2,990,178	249,351	-	3,239,529
Less Accumulated Depreciation	(262,066)	(63,726)	-	(325,792)
Total Depreciable Capital Assets, net	2,728,112	185,625	-	2,913,737
Capital Assets, Net	$ 4,051,015	$ 185,625	$ (13,544)	$ 4,223,096

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 2010, the County made total payments of $163,577 toward the DFACS building lease. Of this total payment, $126,911 was a reduction of principal while $36,666 was interest paid.

The future minimum lease obligations for the DFACS lease as of September 30, 2010 is as follows:

Year Ending September 30	DFACS
2011	$ 163,577
2012	163,577
2013	163,577
2014	163,577
2015	69,262
Total	723,570
Less: Interest	(116,718)
Present Value of Minimum Lease Payments	$ 606,852

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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 $357,482 reported as landfill closure and post closure care liability at September 30, 2010 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 2010. 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 17 years of required monitoring is $21,028 per year.

CHANGES IN LONG TERM DEBT
Long term liability activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 350,837	$ 29,042	$ (9,659)	$ 370,220	$ 370,220
Capital Leases	733,763	-	(126,911)	606,852	134,660
Governmental Activities Long-term Liabilities	$ 1,084,600	$ 29,042	$ (136,570)	$ 977,072	$ 504,880
Business-type Activities:					
Compensated Absences	$ 11,946	$ -	$ (615)	$ 11,331	$ 11,331
Landfill Closure/Postclosure	378,510	-	(21,028)	357,482	21,028
Business-type Activities Long-term Liabilities	$ 390,456	$ -	$ (21,643)	$ 368,813	$ 32,359

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	$ 353,622
E-911	8,452
Insurance Premium	8,146
Total	$ 370,220
Business-type Activities:	
Solid Waste	$ 11,331

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 7 - LONG TERM DEBT (CONTINUED)

COMPONENT UNITS

Health Department

Long term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 33,724	$ 20,732	$ (20,843)	$ 33,613	$ 19,000

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, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	$ 61,372	$ -	$ (11,790)	$ 49,582	$ 12,027

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, 2010 is $170,664.

The Georgia Environmental Facilities Authority (GEFA) Loan is a low interest loan with a original principal loan amount of $116,918. As of September 30, 2009 the GEFA Loan carried a balance of $49,582 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
2011	902	12,027	12,929
2012	659	12,270	12,929
2013	412	12,517	12,929
2014	161	12,768	12,929
Total	$ 2,134	$ 49,582	51,716
	Less: Interest		(2,134)
	Present Value of Minimum Payments		$ 49,582

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

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, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	$ 557,759	$ -	$ (55,812)	$ 501,947	$ 43,875

The Authority is obligated to pay to the Hart County Electric Membership Corporation $4,166.67 monthly, at no interest until the balance, $37,500, is paid. The original loan in the amount of $387,500 was for Capital Improvements. The Improvements were completed at a cost of $2,855,189 with accumulated depreciation of $316,516 at June 30, 2010.

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 $325,792 at June 30, 2010.

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

Year Ending June 30	U.S.D.A. Loan Principal	U.S.D.A. Loan Interest	Total Payment	Hart County EMC	Total Debt Pmt.
2011	$ 6,375	$ 21,775	$ 28,150	$ 37,500	$ 65,650
2012	6,678	21,472	28,150	-	28,150
2013	6,995	21,155	28,150	-	28,150
2014	7,327	20,823	28,150		28,150
2015	7,675	20,475	28,150	-	28,150
2016-2020	44,205	96,545	140,750	-	140,750
2021-2025	55,752	84,998	140,750	-	140,750
2026-2030	70,313	70,437	140,750	-	140,750
2031-2035	88,679	52,071	140,750	-	140,750
2036-2040	111,841	28,909	140,750	-	140,750
2041-2043	58,607	25,843	84,450	-	84,450
Total	$ 464,447	$ 464,503	928,950	37,500	966,450
Less: Interest			(464,503)	-	(464,503)
Present Value of Minimum Lease Payments			$ 464,447	$ 37,500	$ 501,947

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

NOTE 8 - INTERFUND BALANCES: DUE TO/FROM

Interfund balances for the year ended September 30, 2010 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 09/30/2010, 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 $ 78,856 by the County and $ 131,044 by employees. Actual contributions made to the plan were $ 78,856 by the County and $ 131,044 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 $5,792,157, and total current year covered payroll was $2,628,547.

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.

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

NOTE 11 - RISK MANAGEMENT

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

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

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

NOTE 12 - CONTINGENT LIABILITIES

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

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

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, 2010. 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'10 on behalf of the Authority.	$ 105,000
Less funds paid to the Authority between June 30, 2010 and September 30, 2010	(64,350)
Revenue shown on the Joint Development Authority of Franklin, Hart & Stephens Co. Audit for Year Ending June 30, 2010	$ 40,650

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, 2010. 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' 10 on behalf of the Library.	$ 81,000
Less funds paid to the Library between June 30, 2010 and September 30, 2010	(22,500)
Plus funds paid to the Library between June 30, 2009 and September 30, 2009	20,250
Revenue shown on the Hart County Library Audit for Year Ending June 30, 2010	$ 78,750

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

Primary Government

On June 2, 2008 the County was awarded a $20,000 Local Assistant Grant (# 08-C-L-242) from the Department of Community Affairs for the purpose of constructing a new animal shelter within the County. During Fiscal Year 2008, the County received an initial $15,000 of the grant proceeds; and the grant proceeds were incorrectly recorded as revenue in the General Fund. During Fiscal Year 2009 the Board of Commissioners decided to indefinitely postpone the construction of the new animal shelter and on December 18, 2009 the County repaid the initial grant proceeds of $15,000 back to the Department of Community Affairs. A prior period adjustment was needed to account for the repayment of these proceeds that were originally recorded as revenue.

Component Units

The Hart County Health Department required a $25 prior period adjustment for revenue from prior periods.

The Hart County Library required a $1,283 prior period adjustment due to expenditures from prior periods not recorded.

NOTE 16 - EMPLOYMENT INCENTIVE PROGRAM FUND (nonmajor)

For reporting purposes during Fiscal Year 2010, management has decided to consolidate what were three 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 2009 ending Fund Balance with the beginning of year Fund Balance for Fiscal Year 2010.

End of Fiscal Year 2009 Fund Balance	
EIP Fund #1	$ 138,982
EIP Fund #2	44,331
EIP Fund #3	(131,627)
Beginning of Fiscal Year 2010 Fund Balance	$ 51,686

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2010

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, 2010
(Required Supplementary Information)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 6,964,250	$ 6,964,250	$ 6,938,354	$ (25,896)
Licenses and Permits	67,400	67,400	63,055	(4,345)
Intergovernmental	221,190	221,190	251,750	30,560
Fines and Forfeitures	462,000	462,000	503,990	41,990
Charges for Services	771,500	771,500	1,128,578	357,078
Investment Earnings	26,550	26,550	6,260	(20,290)
Contributions & Donations	-	-	63,300	63,300
Miscellaneous	64,950	64,950	127,985	63,035
TOTAL REVENUES	8,577,840	8,577,840	9,083,272	505,432
EXPENDITURES				
Current Expenditures				
General Government				
General Government	205,144	205,144	174,133	31,011
Board of Registrars	33,552	35,452	35,855	(403)
Elections	16,390	16,390	17,291	(901)
Professional	102,000	102,000	101,125	875
Executive	361,359	361,359	326,320	35,039
Tax Commissioner	245,620	245,620	243,971	1,649
Tax Assessors	824,498	842,774	919,719	(76,945)
Risk Management	297,000	412,000	408,407	3,593
Buildings and Properties	103,400	103,400	99,573	3,827
General Administration Fees	4,750	4,750	4,745	5
Total General Government	2,193,713	2,328,889	2,331,139	(2,250)
Judicial				
Superior Court	131,057	131,057	159,439	(28,382)
Clerk of Superior Court	251,058	251,058	252,652	(1,594)
Probate Court	254,227	258,227	253,884	4,343
Juvenile Court	-	-	-	-
Grand Jury	50,300	50,300	61,305	(11,005)
Public Defender	71,277	71,277	71,277	-
District Attorney	8,740	8,740	10,364	(1,624)
Magistrate Court	203,458	203,458	157,994	45,464
Board of Equalization	11,791	11,791	3,111	8,680
Total Judicial	981,908	985,908	970,026	15,882
Public Safety				
Sheriff	1,476,482	1,492,482	1,487,376	5,106
Jail Operations	979,690	979,690	956,421	23,269
Whitworth Parole Center	30,000	30,000	27,886	2,114
Coroner and Medical Examiner	14,295	15,195	16,564	(1,369)
Emergency Management	26,784	26,784	21,643	5,141
Emergency Medical Service	1,706,322	1,714,322	1,810,246	(95,924)
Animal Control	29,925	29,925	29,925	-
Total Public Safety	$ 4,263,498	$ 4,288,398	$ 4,350,061	$ (61,663)

continued....

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2010
(Required Supplementary Information)

continued....	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
Public Works				
Highways & Streets	$ 514,061	$ 514,061	$ 472,264	$ 41,797
Maintenance Shop	336,867	336,867	279,883	56,984
Water & Sewer Authority	-	-	5,572	(5,572)
Total Public Works	850,928	850,928	757,719	93,209
Public Health and Welfare				
Health	76,188	76,188	76,244	(56)
Welfare	40,000	40,000	40,557	(557)
Senior Citizens Center	110,190	110,190	130,601	(20,411)
Transportation Services	33,810	33,810	45,440	(11,630)
Total Public Health and Welfare	260,188	260,188	292,842	(32,654)
Recreation and Culture				
Recreation	183,072	183,072	219,939	(36,867)
HYDRA	15,000	15,000	15,000	-
Library Administration	81,000	81,000	81,000	-
Total Recreation and Culture	279,072	279,072	315,939	(36,867)
Housing and Development				
Agricultural Resources	68,233	68,233	70,439	(2,206)
Economic Development & Assistance	167,797	218,067	174,406	43,661
Airport Authority	3,500	3,500	3,500	-
Community Action Programs	100	100	-	100
Adult Basic Education	15,000	15,000	15,000	-
Total Housing and Development	254,630	304,900	263,345	41,555
TOTAL EXPENDITURES	9,083,937	9,298,283	9,281,071	17,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(506,097)	(720,443)	(197,799)	522,644
OTHER FINANCING SOURCES(USES)				
Carryover of Funds	506,097	720,443	-	(720,443)
NET CHANGE IN FUND BALANCE	-	-	(197,799)	(197,799)
FUND BALANCE, Beginning of Year	-	-	4,414,929	4,414,929
Prior Period Adjustment	-	-	(15,000)	(15,000)
FUND BALANCE, End of Year	$ -	$ -	$ 4,202,130	$ 4,202,130

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2010

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 2010, the following were departments that overspent their budget:

	BUDGETED	EXPENDITURES	EXCESS
General Government			
Board of Registrars	$ 35,452	$ 35,855	$ 403
Elections	$ 16,390	$ 17,291	$ 901
Tax Assessors	$ 842,774	$ 919,719	$ 76,945
Judicial			
Superior Court	$ 131,057	$ 159,439	$ 28,382
Clerk of Superior Court	$ 251,058	$ 252,652	$ 1,594
Grand Jury	$ 50,300	$ 61,305	$ 11,005
District Attorney	$ 8,740	$ 10,364	$ 1,624
Public Safety			
Coroner and Medical Examiner	$ 15,195	$ 16,564	$ 1,369
Emergency Medical Service	$ 1,714,322	$ 1,810,246	$ 95,924
Public Works			
Water & Sewer Authority	$ -	$ 5,572	$ 5,572
Public Health and Welfare			
Health	$ 76,188	$ 76,244	$ 56
Welfare	$ 40,000	$ 40,557	$ 557
Senior Citizens Center	$ 110,190	$ 130,601	$ 20,411
Transportation Services	$ 33,810	$ 45,440	$ 11,630
Recreation and Culture			
Recreation	$ 183,072	$ 219,939	$ 36,867
Housing and Development			
Agricultural Resources	$ 68,233	$ 70,439	$ 2,206

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2010

Supplementary Information

HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

	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	Victims Assistance	Employment Incentive Program	TOTAL
ASSETS										
Cash and Cash Equivalents	$ 288,075	$ 26,596	$ 51,812	$ 385,863	$ 2,013	$ 35,735	$ 5,491	$ -	$ 104,545	$ 900,130
Receivables(Net of Allowance for Uncollectibles)	24,129	-	-	34,331	2,496	-	-	-	4,820	65,776
TOTAL ASSETS	$ 312,204	$ 26,596	$ 51,812	$ 420,194	$ 4,509	$ 35,735	$ 5,491	$ -	$ 109,365	$ 965,906
LIABILITIES										
Accounts Payable	$ -	$ -	$ 1,162	$ 3,755	$ 2,106	$ -	$ -	$ -	$ -	$ 7,023
Other Accrued Items	-	-	-	5,050	-	-	-	-	-	5,050
TOTAL LIABILITIES	-	-	1,162	8,805	2,106	-	-	-	-	12,073
FUND BALANCES										
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	-	26,596	50,650	411,389	2,403	35,735	5,491	-	109,365	641,629
Capital Projects Funds	312,204	-	-	-	-	-	-	-	-	312,204
Total Fund Balance	312,204	26,596	50,650	411,389	2,403	35,735	5,491	-	109,365	953,833
TOTAL LIABILITIES AND FUND BALANCES	$ 312,204	$ 26,596	$ 51,812	$ 420,194	$ 4,509	$ 35,735	$ 5,491	$ -	$ 109,365	$ 965,906

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, 2010

	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	Victims Assistance	Employment Incentive Program	TOTAL
REVENUES										
Charges for Services	$ -	$ 169,789	$ -	$ 383,671	$ -	$ 6,000	$ -	$ -	$ -	$ 559,460
Fines and Forfeitures	-	-	8,797	-	28,623	-	6,066	-	-	43,486
Investment Earnings	719	9	166	1,135	40	175	-	126	10,676	13,046
Miscellaneous	-	-	-	-	-	-	-	-	48,973	48,973
TOTAL REVENUES	719	169,798	8,963	384,806	28,663	6,175	6,066	126	59,649	664,965
EXPENDITURES										
Current Expenditures										
Judicial	-	-	-	-	-	-	2,887	-	-	2,887
Public Safety	-	-	-	471,488	62,201	-	-	-	-	533,689
Health and Welfare	-	7,738	37,114	-	-	4,438	-	79,274	-	128,564
Housing and Development	-	-	-	-	-	-	-	-	1,970	1,970
Capital Outlay	19,059	-	-	-	-	-	-	-	-	19,059
Debt Service:										
Principal	-	126,911	-	-	-	-	-	-	-	126,911
Interest and Paying Agent Fees	-	36,666	-	-	-	-	-	-	-	36,666
TOTAL EXPENDITURES	19,059	171,315	37,114	471,488	62,201	4,438	2,887	79,274	1,970	849,746
NET CHANGE IN FUND BALANCES	(18,340)	(1,517)	(28,151)	(86,682)	(33,538)	1,737	3,179	(79,148)	57,679	(184,781)
FUND BALANCES, Beginning of Year	330,544	28,113	78,801	498,071	35,941	33,998	2,312	79,148	51,686	1,138,614
FUND BALANCES, End of Year	$ 312,204	$ 26,596	$ 50,650	$ 411,389	$ 2,403	$ 35,735	$ 5,491	$ -	$ 109,365	$ 953,833

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, 2010

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	$ 267,701	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 582,914
Taxes Receivable	2,303,237	-	-	-	-	2,303,237
TOTAL ASSETS	$ 2,570,938	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 2,886,151
LIABILITIES						
Due to Others	$ 2,570,938	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 2,886,151

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2010

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash, Balance Sept. 30, 2009	$ 290,769	$ 216,524	$ 47,825	$ 18,488	$ 40,787	$ 614,393
Additions	18,988,702	409,906	382,395	264,659	193,329	20,238,991
Deductions	(19,011,770)	(417,413)	(397,679)	(262,138)	(181,470)	(20,270,470)
Cash, Balance Sept. 30, 2010	267,701	209,017	32,541	21,009	52,646	582,914
Taxes Receivable, Sept. 30, 2009	1,511,921	-	-	-	-	1,511,921
Additions	16,893,109	-	-	-	-	16,893,109
Deductions	(16,101,793)	-	-	-	-	(16,101,793)
Taxes Receivable, Sept. 30, 2010	2,303,237	-	-	-	-	2,303,237
TOTAL ASSETS	$ 2,570,938	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 2,886,151
LIABILITIES						
Due to Others, Sept. 30, 2009	$ 1,802,690	$ 216,524	$ 47,825	$ 18,488	$ 40,787	$ 2,126,314
Additions	18,988,702	409,906	382,395	264,659	193,329	20,238,991
Deductions	(18,220,454)	(417,413)	(397,679)	(262,138)	(181,470)	(19,479,154)
Due to Others, Sept. 30, 2010	2,570,938	209,017	32,541	21,009	52,646	2,886,151
TOTAL LIABILITIES, Sept. 30, 2010	$ 2,570,938	$ 209,017	$ 32,541	$ 21,009	$ 52,646	$ 2,886,151

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2010

Additional Supplementary Information

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

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

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2011

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, 2010. 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, 2010, in conformity with accounting principles generally accepted in the United States of America.

Wayne Bowen
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, 2010

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	$ 5,717,691	$ 19,059	$ 5,736,750	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	$ 13,466,744	$ 19,059	$ 13,485,803	

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, 2010

Project	Estimated Cost		Expenditures			Estimated Percentage of
	Original	Current	Prior Years	Current Years	Total	Completion
Roads, Streets and Bridges	$ 4,036,600	$ 4,036,600	$ 4,902,857	$ 985,905	$ 5,888,762	100.00%
Water System Capital Outlay	3,200,000	3,200,000	1,040,149	222,377	1,262,526	39.45%
Industrial Development Capital Outlay	3,200,000	3,200,000	1,058,635	383,363	1,441,998	45.06%
Capital Outlay Projects for the City of Royston	99,000	99,000	5,120	34,511	39,631	40.03%
Capital Outlay Projects for the City of Bowersville	83,000	83,000	33,000	-	33,000	39.76%
Capital Outlay Projects for the City of Canon	15,000	15,000	15,000	-	15,000	100.00%
Sewer Improvements for the City of Hartwell	2,246,400	2,246,400	1,536,247	421,928	1,958,175	87.17%
Fire Protection Equipment	1,360,000	1,360,000	907,727	62,441	970,168	71.34%
Recreational Facilities	1,360,000	1,360,000	1,117,645	18,631	1,136,276	83.55%
Total	$15,600,000	$15,600,000	$ 10,616,380	$2,129,156	$12,745,536	

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
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.

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2010

Compliance and Internal Control Reports

HART COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended September 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Grant Award Amount
U.S. Department of Housing and Urban Development				
Passed-through the Georgia Department of Community Affairs Community Development Block Grant	14.255	09-cr-5108	$ 500,000	$ 500,000
Passed-through the Georgia Department of Community Affairs Community Development Block Grant	14.228	09p-y-073-1-5150	$ 403,592	$ 500,000
U.S. Department of Housing and Urban Development				
Passed-through the Georgia Department of Community Affairs Community Development Block Grant	14.228	10a-7-073-1-5297	$ 149,164	$ 300,000
U.S. Department of Justice				
Law Enforcement Grant	16.810	2009-SB-B9-0386	$ 25,573	$ 25,573
U.S. Department of Defense				
Payments to States in Lieu of Real Estate Taxes	12.112	n/a		$ 22,455
U.S. Department of the Interior				
Payments in Lieu of Taxes	15.226	n/a		$ 48,075

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hart County, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2011

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, 2010, which collectively comprise the Hart County, Georgia's basic financial statements and have issued my report thereon dated January 19, 2011. 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.

Wayne Howen

Certified Public Accountant

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

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FAX (770) 536-0136

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January 19, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

I have audited Hart County, Georgia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. Hart County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Hart County, Georgia's management. My responsibility is to express an opinion on Hart County, Georgia's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Hart County, Georgia's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Hart County, Georgia's compliance with those requirements.

In my opinion, Hart County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of Hart County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit, I considered Hart County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Hart County, Georgia's internal control over compliance.

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

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

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

Wayne H Bowen

Certified Public Accountant

HART COUNTY, GEORGIA
AUDITORS SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2010

I. Summary of Auditor's Results:

1. Type of Report issued on Financial Statements: unqualified opinion.

2. Internal Control over Financial Reporting:
   Material Weaknesses Identified: none
   Significant Deficiencies Identified: none reported

3. Compliance (financial statements): Unqualified opinion, no instances of noncompliance.

4. Internal Control over Major Programs:
   Material Weaknesses Identified: none
   Significant Deficiencies Identified: none reported

5. Type of Auditor's Report issued on Compliance for Major Programs: unqualified opinion.

6. Any Audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133: none
   i) Significant deficiencies in internal controls over major programs - See (5) above
   ii) Material noncompliance related to major programs - none reported
   iii) Known questioned cost greater than $ 10,000 for major programs - none
   iv) Known questioned cost greater than $ 10,000 for a program not audited as major - none
   v) Circumstances if report on compliance is other than qualified - N/A
   vi) Known fraud - none found
   vii) Misrepresentation in schedule of prior audit findings - none

7. Major programs for the year:
   CFDA 14.255 Community Development Block Grant
   CFDA 14.228 Community Development Block Grant

8. Dollar threshold used to distinguish between Type A & Type B programs - $300,000.

9. Does the auditee qualify as a low risk auditee under A 133 Section 530 - no

II. Federal Awards Findings and Questioned Costs

There were no findings or questioned cost relating to federal awards for the year ended September 30, 2010.

III. Federal Awards Prior Audit Findings And Corrective Action Plan

There were no prior audit findings relating to Federal awards, therefore no corrective action plan was created.