HART COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

Introductory Section

HART COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

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FINANCIAL STATEMENTS
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HART COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2014

ELECTED

Joey Dorsey, Chairman, County Commissioner, District Five

R.C. Oglesby, County Commissioner, District One

Frankie Teasley, County Commissioner, District Two

Jimmy Carey, County Commissioner, District Three

Bill Myers, County Commissioner, District Four

STAFF

Jon Caime, County Administrator

Lawana Kahn, County Clerk

Betty Floyd, Assistant County Clerk

BURCH, CROOMS & COMPANY, LLP
Certified Public Accountants

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

February 23, 2015

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia (the "County") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hart County Health Department, which represent 53.4%, 49.4%, and 65.7%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hart County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1 and 19 to the financial statements, the County guaranteed new debt for two component units previously reported as discretely presented. Under Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity,* these guarantees required the County to change its presentation of these component units. As a result, the Joint Development Authority of Franklin, Hart and Stephens Counties and the Hart County Water and Sewer Authority are now reported as blended component units. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 17 and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and budgetary schedules, the schedules of projects constructed with special purpose local option sales tax proceeds, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and budgetary schedules, the schedules of projects constructed with special purpose local option sales tax proceeds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Burch, Crooms & Company, LLP

HART COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

This section of Hart County, Georgia's (the "County") annual financial report presents a narrative overview and an analysis of the financial activities of the County for the fiscal year ended September 30, 2014. Management encourages readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

The financial position of the County declined slightly during fiscal year 2014. The total net position for governmental activities decreased by $164,762 from $57,854,799 in fiscal year 2013 to $57,690,037In fiscal year 2014 primarily due to a planned decrease in unrestricted funds.

Unrestricted net position decreased by $718,124 from $6,188,589 in fiscal year 2013 to $5,470,465 in fiscal year 2014. Total net position increased for the business-type activities by $19,964,103 from $2,675,285 in fiscal year 2013 to $22,639,388 in fiscal year 2014. Total net position for the primary government increased by $19,799,341 from fiscal year 2013 to fiscal year 2014. The increase in the net position for the business activities and the primary government is due to the inclusion of the Hart County Water & Sewer Authority and the Joint Development Authority of Franklin, Hart & Stephens Counties as blended component units in fiscal year 2014.

The assets of Hart County, Georgia exceeded its liabilities at September 30, 2014 by $57,690,037 (net position). Of this amount, $5,470,465 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.

As of September 30, 2014, the County's governmental funds reported combined ending fund balances of $9,088,569, which is a decrease of $1,618,901 or 15.12% from the previous fiscal year. One of the major differences was the write-off of EMS receivable balances from prior years amounting to $1,049,646, some of which dated back over a decade. All EMS receivables beyond the Statute of Limitations were corrected in the FY14 budget through this write-off. This write-off action was taken in parallel with management's plan to more aggressively address EMS receivables in FY15. This amount is shown as a prior period adjustment on the General Fund.

The County also invested significant funding in capital and infrastructure projects in FY14 utilizing existing fund balances. Utilizing fund balances for one time spending such as capital investments is sound financial management.

With an audited unassigned General Fund fund balance at approximately 42% of General Fund expenditures as of September 30, 2014, the Hart County Board of Commissioners (the "BOC") budgeted for excess disbursements over revenues in lieu of raising revenues through increased property tax millage. As of September 30, 2014, the unassigned fund balance for the General Fund was $4,395,164 or 42.37% of total General Fund expenditures. The County Administrator recommends a target 25-50% of General Fund unassigned fund balance be maintained for cash flow and emergency needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements

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

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

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

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

The Statement of Net Position and the Statement of Activities distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through charges and fees. These financial statements also contain discretely presented component units for which the County is financially accountable.

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

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

The government-wide statements can be found on pages 18 and 19 of this report.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 30 through 66 of this report.

Other information: In addition to the basic financial statements and notes, this report also includes certain required supplementary information including the County's schedule of budgetary comparisons and additional supplementary information including combining and individual fund statements. This information can be found beginning on page 67.

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Financial Section

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Hart County, Georgia
Summary Statements of Net Position
September 30, 2014 and 2013
($ in thousands)

	Activities		Activities		Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Cash and investments	$ 5,956	$ 8,116	$ 1,887	$ 1,031	$ 7,843	$ 9,147
Other assets	5,944	4,457	511	82	6,455	4,539
Capital assets	47,966	46,391	26,429	5,347	74,395	51,738
Total assets	59,866	58,964	28,827	6,460	88,693	65,424
Liabilities:						
Current liabilities	1,975	1,084	1,086	176	3,061	1,260
Noncurrent liabilities	201	25	5,102	3,609	5,303	3,634
Total liabilities	2,176	1,109	6,188	3,785	8,364	4,894
Net position:						
Net investment in capital assets	47,941	46,209	20,430	1,922	68,371	48,131
Restricted	4,279	5,457	523	-	4,802	5,457
Unrestricted	5,470	6,189	1,686	753	7,156	6,942
Total net position	$57,690	$57,855	$ 22,639	$ 2,675	$80,329	$60,530

Hart County, Georgia's Net Position

As noted earlier, the net position over time can be a useful indicator of a government's financial position. As illustrated in the above table, at the end of fiscal year ending September 30, 2014, the County's assets for governmental activities exceeded liabilities by more than $57.7 million and the County's assets for business-type activities exceeded liabilities by more than $22.6 million bringing the total primary government net position to more than $80.3 million.

Of the $80.3 million in net position, the County's net investment in capital assets (e.g. land, buildings, machinery and equipment less any outstanding related debt used to acquire the assets and accumulated depreciation) equals 85.1% of net position. The County uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The County's net position also includes restricted net position in the amount of $4.8 million out of which $2.9 million is restricted for capital projects, $1.2 million is restricted for health and welfare and $0.6 million is restricted for public safety. Restricted net position accounts for 6.0% of total net position. Finally, unrestricted net position of $7.2 million, or 8.9% of total net position, may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County reported positive balances in all categories of net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Hart County, Georgia
Summary Statements of Activities
For the Years Ended September 30, 2014 and 2013
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 2,560	$ 2,379	$ 2,028	$ 877	$ 4,588	$ 3,256
Operating grants/contributions	1,970	625	167	328	2,137	953
Capital grants/contributions	1,052	881	2,627	-	3,679	881
General revenues:						
Property taxes	5,650	4,911	-	-	5,650	4,911
Motor vehicle taxes	872	591	-	-	872	591
Sales taxes	4,787	4,759	-	-	4,787	4,759
Other taxes	1,015	978	-	-	1,015	978
Interest	29	31	3	2	32	33
Other taxes	61	98	-	-	61	98
Total revenues	17,996	15,253	4,825	1,207	22,821	16,460
Expenses:						
Governmental activities	17,111	15,759	-	-	17,111	15,759
Business-type activities	-	-	2,388	1,258	2,388	1,258
Total expenses	17,111	15,759	2,388	1,258	19,499	17,017
Transfers	-	-	-	-	-	-
Change in net position	885	(506)	2,437	(51)	3,322	(557)
Net position, beginning, restated	56,805	58,361	20,202	2,726	77,007	61,087
Net position, ending	$57,690	$57,855	$ 22,639	$ 2,675	$80,329	$60,530

The table above is included for the purpose of comparing government-wide financial statements of activities for the fiscal year ended September 30, 2014 with fiscal year 2013.

For governmental activities, grants and contributions were $3.0 million in fiscal year 2014 compared with $1.5 million in fiscal year 2013, a difference of $1.5 million. Grant awards for fiscal year 2014 consist primarily of $499,218 from the Georgia Department of Transportation for the Local Maintenance and Road Improvement Program, $170,285 from the Georgia Department of Transportation for road striping, $500,000 from the Community Development Block Grant Program for water system improvements, $493,485 from the Appalachian Regional Commission for road improvements in the Knox Bridge Road area, and $1,172,374 donated to the County by the Hart County Hospital Authority. Real and personal property taxes increased by $739,006 while motor vehicle taxes increased by $281,179. Local option sales tax and special option sales tax increased by $27,866 in fiscal year 2014 compared to 2013, but the small increase supports the County's anticipation of a flat growth in sales tax revenue.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

Business-type activities total revenues increased $3,617,760 between fiscal year 2014 and 2013 due mainly to the inclusion of the HCWSA and JDA as blended component units in 2014.

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

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

At September 30, 2014, the County's governmental funds reported a combined fund balance of $9,088,569, a decrease of $1,618,901 compared to fiscal year 2013. Approximately 48.3% of this amount ($4,395,164) constitutes unassigned fund balance of the General Fund. Out of the remainder of the fund balance, 4.5% ($408,046) is nonspendable and 47.2% ($4,285,359) is restricted.

HART COUNTY, GEORGIA'S GENERAL FUND HIGHLIGHTS

General Fund Components of Fund Balance:

Fund Balance Component	9/30/2014	9/30/2013
Nonspendable	$ 295,560	$ 273,873
Restricted	1,369	2,263
Unassigned	4,395,164	4,914,230
Total General Fund fund balance	$ 4,692,093	$ 5,190,366

The General Fund is the chief operating fund for the County. At the end of fiscal year 2014, the General Fund's total fund balance was $4,692,093 of which $4,395,164 is unassigned fund balance. As a measure of liquidity of the General Fund, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 42.4% of total General Fund expenditures while total fund balance presents approximately 45.2% of that same amount. The General Fund fund balance is composed of cash and noncash items. Management recognizes that only the cash portion can be relied upon as liquid in the upcoming fiscal year and advises that cash fund balance should remain above a 25% minimum. As of September 30, 2014, the fund balance includes $2,714,647 in cash. The noncash portion of the fund balance includes $1,250,807 in EMS accounts receivable, net of allowance for bad debts, and $573,297 in uncollected property taxes. The uncollected property taxes includes temporary tax collections that may or may not be a component of the final tax billings.

General Fund Revenue Highlights:

Hart County, Georgia's General Fund revenues totaled $10,940,264, which represents an increase of $1,021,167 over the previous fiscal year. The major revenue sources are listed in the chart below. Real and personal property tax collections accounted for 53.4% of General Fund revenues while motor vehicle and title fees accounted for 7.97% and sales and use tax collections accounted for 18.54% of total General Fund revenues. Other revenue sources included charges for services, other taxes, fines and forfeitures, license and permits, earnings on investments, intergovernmental revenues and miscellaneous income.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Revenues by Source:

	9/30/2014	9/30/2013
Real and personal property taxes	$ 5,842,798	$ 5,118,787
Motor vehicle and title fees	872,212	591,033
Sales and use tax	2,027,853	2,015,691
Other taxes	92,900	94,310
Licenses and permits	64,459	62,701
Intergovernmental	143,068	297,395
Fines and forfeitures	490,482	529,509
Charges for services	1,262,338	1,059,238
Investment earnings	4,290	5,049
Other revenue	139,864	145,384
Total General Fund revenues	$ 10,940,264	$ 9,919,097

Total taxes collected by the County were $8,835,763. Real and personal property taxes were $566,298 or 10.7% higher than the fiscal year 2014 budgeted amount while motor vehicle and title fees were $432,212 or 98.2% more than the budgeted amount. Vehicle title fees are a new revenue source beginning in fiscal year 2013 as a result of a change in state law and the fiscal year 2014 budget was based only on the partial year of revenues from the previous year. Local Option Sales Tax ("LOST") revenues increased by $12,162 from the previous fiscal year. The County collected $172,147 less than anticipated in the fiscal year 2014 budget for LOST revenues. Sales taxes are a key revenue source utilized by the BOC to keep property taxes low, however, these taxes are susceptible to overall economic conditions. Hart County's unincorporated millage rate is one of the lowest rates in the state of Georgia. The County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

The County experienced a small increase for license and permits revenue due to the related slow turnaround of the housing industry. For fiscal year 2014, permits revenue was $64,459, which represents an increase of $1,758 or 2.8% from revenues in fiscal year 2013.

Intergovernmental revenues represents local government revenue received from other governments. Intergovernmental revenues decreased for fiscal year 2014 over 2013 by $154,327. The decrease is mainly due to a contribution of $125,000 to the County by the Hart County Hospital Authority for the purchase of an ambulance in fiscal year 2013.

Charges for services increased by $203,100 in fiscal year 2014. The major component of the increase was in emergency medical services fees which represented more than 100% of the increase. Emergency services revenue increased from $920,736 in fiscal year 2013 to $1,134,448 in fiscal year 2014.

Fines and forfeitures were $29,517 below the final budgeted amount and decreased by $39,027 from the fiscal year 2013 actual amount.

Investment income decreased slightly from fiscal year 2013 due to interest rates remaining very low.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

General Fund Expenditure Highlights:

Hart County, Georgia's General Fund expenditures totaled $10,373,790 compared to $9,629,845 for the prior fiscal year, which represents an increase of $743,945 or 7.73% over the prior fiscal year. The breakdown of expenditures by function is illustrated in the chart below. The majority of the expenditures, $5,455,270 or 52.6%, was related to public safety as compared to $4,942,331 or 51.3% in the prior fiscal year.

General Fund Expenditures by Function:

	9/30/2014	9/30/2013
General government	$ 1,802,203	$ 1,791,801
Judicial	1,045,847	1,017,304
Public safety	5,455,270	4,942,331
Public works	1,159,098	952,286
Health and welfare	272,483	317,690
Recreation and culture	325,946	303,744
Housing and development	312,943	304,689
Total General Fund expenditures	$ 10,373,790	$ 9,629,845

Overall expenditures for the general government were $1,802,203. Total general government expenditures were under the final budget by $70,105 and over the original budget by $193,175. The final budget is the true milestone for analysis as conditions change during the fiscal year resulting in the Board of Commissioners adjusting the budget as conditions warrant. The Board of Commissioners recognizes that increases in the original budget will be paid from unrestricted fund balances.

Judicial expenditures were $1,045,847. This amount was $72,769 below the final budget and $32,284 below the original budget.

Public safety expenditures totaled $5,455,270 for the current fiscal year. The expenditures were over the final budget by $49,243 and over the original budget by $220,927.

Public works expenditures were $1,159,098, which was below the final budget by $30,373 and over the original budget by $8,200.

Health and welfare expenditures were $272,483, which was $30,456 under the final budget.

Recreation and culture expenditures were $325,946 with no variance from the final budget.

Housing and development expenditures were $312,943, which was $17,646 less than the final budget.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED):

The following data includes the breakdown of public safety expenditures which represents over 51.0% of the total General Fund expenditures.

Public Safety Expenditures:

	9/30/2014	9/30/2013
Sheriff	$ 1,972,756	$ 1,856,050
Jail operations	1,237,427	1,113,943
Whitworth detention center	26,587	32,376
Emergency medical services	2,089,229	1,826,868
Animal control	76,375	45,153
Other	52,896	67,941
Total public safety expenditures	$ 5,455,270	$ 4,942,331

General Fund Budgetary Highlights:

Differences between the General Fund's original expenditure budget of $10,030,922 and the final amended budget of $10,545,896 amounted to $514,974 or a 5.1% increase. The increases were mainly needed for the following expenditures:

General government expenditures for additional costs for the tax commissioner in issuing final tax billings for 2009 – 2011 as well as issuing refunds and property tax litigation costs, and an increase in liability insurance premiums.

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

Public works expenditures for increased fuel costs.

Public health and welfare expenditures for increased personnel and operating costs for the recreation department.

The original and final budget for revenues was $9,685,500. Total revenues for fiscal year 2014 were $10,940,264, an increase of $1,254,764 from the budget. This variance is primarily attributed to the following:

Tax revenues were $919,264 more than the original and final budgets due to collections for real and personal property for the final billings from 2009 – 2011 and increased vehicle title fees which were $431,453 more than budgeted. Budgeting for vehicle title fees will be difficult to quantify in the near future due to the uncertainties associated with this state law.

Intergovernmental revenue was $144,932 less than the original and final budget mainly due to a one time donation in the previous fiscal year of $125,000 by the Hart County Hospital Authority.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (CONTINUED):

HART COUNTY, GEORGIA'S OTHER GOVERNMENTAL FUNDS HIGHLIGHTS

Other Governmental Funds Components of Fund Balance:

Fund Balance Component	9/30/2014	9/30/2013
Nonspendable	$ 112,486	$ 9,920
Restricted	4,276,954	5,507,184
Unassigned	-	-
Total other governmental funds fund balance	$ 4,389,440	$ 5,517,104

CDBG Fund: The CDBG Fund, a major capital projects fund, consists of fiscal year 2014 drawdowns against a $500,000 capital project grant award for water improvements. The County also received a $500,000 CDBG water improvement grant for a different location in the previous fiscal year.

SPLOST #3 Fund (Special Purpose Local Option Sales Tax): The SPLOST #3 Fund, a major capital projects fund, had a $945,538 fund balance decrease in fiscal year 2014 from $984,377 to $38,839. Fiscal year 2012 was the final year for this fund to collect sales tax revenues. Most of the projects are in their final stages of completion. The primary SPLOST #3 projects in fiscal year 2014 were water system capital improvements, industrial development projects, and improvements to recreation facilities.

SPLOST #4 Fund: The SPLOST #4 Fund is also a major capital projects fund. In July 2012, the County began collecting revenue for the SPLOST #4 program. Total revenue collected in fiscal year 2014 was $2,758,733. At the end of fiscal year 2014, this fund had $2,693,436 in fund balance. The primary SPLOST #4 projects in fiscal year 2014 included roads, streets and bridges repairs and improvements, fire protection equipment, and capital projects for the City of Hartwell, Georgia.

Insurance Premium Tax Fund: The Insurance Premium Tax Fund, a major special revenue fund, had a $208,348 fund balance decrease in fiscal year 2014 from $624,961 to $416,613. Revenues in this fund increased by $33,933 from the previous fiscal year. Expenditures increased by $72,500 from the prior fiscal year, with expenditures exceeding revenues in both fiscal year 2014 and 2013. Expenditures in this fund are mainly for public safety (fire) and public works (road department).

EIP Fund (Employment Incentive Program): The EIP Fund is a major special revenue fund consisting of seven (7) individual EIP funds consolidated for presentation in the governmental funds. The EIP funds had a $16,445 fund balance increase in fiscal year 2014 from $152,540 to $168,985.

Multiple Grant Fund: The Multiple Grant Fund is a major special revenue fund consisting of activity related to various grant awards to include local, state and federal sources. Grant awards for fiscal year 2014 consist primarily of $499,218 from the Georgia Department of Transportation for the Local Maintenance and Road Improvement Program, $493,485 from the Appalachian Regional Commission for road improvements in the Knox Bridge Road area, and $15,000 donated to the County by the Hospital Authority for a walking trail.

Other Nonmajor Governmental Funds: As of September 30, 2014, the County's nonmajor governmental funds reported combined ending fund balances of $1,696,533, of which $1,680,683 is restricted and $15,850 is nonspendable.

PROPRIETARY FUNDS FINANCIAL ANALYSIS:

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

Solid Waste Fund: The Solid Waste Fund is a major fund with operating revenues of $913,806 in fiscal year 2014, as compared to $947,439 in fiscal year 2013. Operating expenses of $1,073,237 were recorded in fiscal year 2014, as compared to $1,068,227 in fiscal year 2013.

Hart County Industrial Building Authority (IBA): In conjunction with the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 61, the County was required to report IBA as a blended component unit beginning in fiscal year 2013. IBA had operating revenues of $145,568 and operating expenses of $156,945 in fiscal year 2014, as compared to $257,876 and $67,704, respectively, in fiscal year 2013.

Hart County Water and Sewer Authority (HCWSA): Under GASB Statement No. 61, the County is required to report HCWSA as a blended component unit beginning in fiscal year 2014 due to the County's guarantee of new debt issued to HCWSA during the fiscal year. HCWSA was previously reported as a discretely presented component unit. HCWSA had operating revenues of $1,125,058 and operating expenses of $993,303 in fiscal year 2014.

Joint Development Authority of Franklin, Hart and Stephens (JDA): Under GASB Statement No. 61, the County is required to report JDA as a blended component unit beginning in fiscal year 2014 due to the County's guarantee of new debt issued to JDA during the fiscal year. JDA was previously reported as a discretely presented component unit. JDA had operating revenues of $471,482 and operating expenses of $89,726 in fiscal year 2014.

CAPITAL ASSETS AND NONCURRENT LIABILITIES:

Hart County, Georgia
Summary Schedules of Capital Assets, Net of Depreciation
September 30, 2014 and 2013
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Land	$ 2,118	$ 2,091	$ 5,986	$ 4,619	$ 8,104	$ 6,710
Construction in progress	1,984	533	3,978	-	5,962	533
Sewer extension	-	-	271	271	271	271
Buildings	7,163	7,052	208	217	7,371	7,269
Machinery and equipment	2,726	2,681	193	197	2,919	2,878
Vehicles	2,481	2,474	40	43	2,521	2,517
Water and sewer lines	-	-	12,653	-	12,653	-
Infrastructure	29,924	30,068	2,654	-	32,578	30,068
Recreational upgrades	1,570	1,492	-	-	1,570	1,492
Total capital assets, net	$ 47,966	$ 46,391	$ 25,983	$ 5,347	$ 73,949	$ 51,738

CAPITAL ASSETS AND NONCURRENT LIABILITIES (CONTINUED):

Capital Assets: Hart County, Georgia's investment in capital assets at September 30, 2014 for the primary government amounted to $73,948,902, net of accumulated depreciation, as compared to $51,738,571 in the previous year. The investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, and infrastructure. The total 42.9% increase in capital assets for the current fiscal year was primarily related to the inclusion of the capital assets of two new blended component units, HCWSA and JDA, as well as new capital project acquisitions, offset by annual depreciation.

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

Additional costs for Fire station building at Reed Creek
Recreation Department Upgrades and projects
Economic Development projects at Hart County Industrial Park
Economic Development project for the Georgia State Patrol Station and Knox Bridge Crossing
Vehicles, including ambulance
Machinery and equipment
Various infrastructure projects

Noncurrent Liabilities: Noncurrent liabilities of the primary government increased by $1,669,878 during fiscal year 2014. Beginning noncurrent liabilities was restated to include the long-term debt of HCWSA and JDA.

ECONOMIC FORECAST:

The unemployment rate in Hart County has been slightly higher than other surrounding counties, the state of Georgia and the nation for the past few years. The unemployment rate decreased by 0.9% over the previous year (from 9.2% at September 30, 2013 to 8.3% at September 30, 2014).

Hart County has made great strides in promoting a stronger economic future and has been a leader on workforce development. We were one of the first Counties in the State of Georgia to be fully workforce ready certified under the WorkKeys program. We have focused on education through partnerships with the Board of Education, Technical Colleges, and are only one of eight Counties to have a direct partnership with the University of Georgia through their innovative Archway Partnership. Our high school graduation rate has increased from 65% to 85% in five years and, in the fall of 2014, the voters approved a massive transformation of our High School with the planned construction of a new Career Academy.

Hart County has made significant investments in infrastructure for economic development including development of a 150 acre industrial park at Interstate 85 that has been so successful we have tripled the size to 450 acres with over one mile of Interstate 85 road frontage. Hart County has focused on recruiting higher skilled jobs with a net result of manufacturing weekly wages increasing 25% over a five year period. Our economic development efforts have secured approximately 2,800 jobs and reduced our peak unemployment rate from 14.3% to 8.3% as of September 10, 2014.

However, the overall economy is still relatively weak. The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the fiscal year 2015 budget.

ECONOMIC FORECAST (CONTINUED):

(1) The overall tax digest has decreased from its peak in 2009 due to the collapse of the real estate market, but the millage rate has increased, and therefore, tax revenues have not been impacted significantly. The County has recently experienced an increase in the net digest value and new construction is occurring in the County. These factors will result in a positive impact on property tax revenues.

(2) Stable or slightly improving sales tax revenue is expected.

(3) Interest rates are expected to remain at low levels throughout fiscal year 2015.

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

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

REQUESTS FOR INFORMATION:

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

Basic Financial Statements

HART COUNTY, GEORGIA
STATEMENT OF NET POSITION
September 30, 2014

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,955,827	$ 1,887,145	$ 7,842,972	$ 294,936
Receivables (net of allowance for uncollectibles)	3,562,215	387,533	3,949,748	48,125
Intergovernmental receivables	264,357	-	264,357	-
Inventory	177,726	29,242	206,968	-
Internal balances	(9,974)	9,974	-	-
Prepaid items	230,320	7,107	237,427	-
Current portion of restricted cash	933,139	77,313	1,010,452	30,690
Note receivables	786,789	-	786,789	-
Total current assets	11,900,399	2,398,314	14,298,713	373,751
Noncurrent assets				
Capital assets				
Non-depreciable	4,101,897	10,235,325	14,337,222	-
Depreciable, net	43,864,013	15,747,667	59,611,680	82,376
Restricted cash, less current portion	-	445,785	445,785	-
Total noncurrent assets	47,965,910	26,428,777	74,394,687	82,376
Total assets	59,866,309	28,827,091	88,693,400	456,127
LIABILITIES				
Current liabilities				
Accounts payable	1,526,787	772,482	2,299,269	7,110
Other accrued items	33,534	13,291	46,825	-
Customer deposits	1,000	96,567	97,567	-
Compensated absences	389,646	11,267	400,913	29,500
Current portion of capital lease payable	24,661	-	24,661	-
Current portion of notes payable	-	149,384	149,384	-
Current portion of landfill postclosure costs	-	42,270	42,270	-
Total current liabilities	1,975,628	1,085,261	3,060,889	36,610
Noncurrent liabilities				
Capital lease payable, less current portion	-	-	-	-
Compensated absences, less current portion	200,644	18,093	218,737	4,748
Notes payable, less current portion	-	4,874,491	4,874,491	-
Landfill postclosure care costs, less current portion	-	209,858	209,858	-
Total noncurrent liabilities	200,644	5,102,442	5,303,086	4,748
Total liabilities	2,176,272	6,187,703	8,363,975	41,358
NET POSITION				
Net investment in capital assets	47,941,249	20,430,179	68,371,428	82,376
Restricted for				
Public safety	604,599	-	604,599	-
Economic development	168,985	-	168,985	-
Health and welfare	1,174,537	-	1,174,537	-
Judicial	12,864	-	12,864	-
Recreation and culture	-	-	-	30,690
Housing and development	44,692	-	44,692	-
Capital projects	2,272,646	382,818	2,655,464	-
Debt service	-	140,280	140,280	-
Unrestricted	5,470,465	1,686,111	7,156,576	301,703
Total net position	$57,690,037	$22,639,388	$80,329,425	$ 414,769

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

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: PRIMARY GOVERNMENT: Governmental Activities	PRIMARY GOVERNMENT: Business-type Activities	PRIMARY GOVERNMENT: Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 1,986,186	$ 80,638	$ 51,686	$ -	$ (1,853,862)	$ -	$ (1,853,862)	$ -
Judicial	1,057,293	547,394	-	-	(509,899)	-	(509,899)	-
Public health and welfare	305,438	210,660	1,197,504	-	1,102,726	-	1,102,726	-
Public safety	6,749,740	1,667,451	12,681	47,998	(5,021,610)	-	(5,021,610)	-
Public works	5,505,379	-	213,973	1,003,711	(4,287,695)	-	(4,287,695)	-
Recreation and culture	393,211	42,596	559	-	(350,056)	-	(350,056)	-
Housing and development	1,107,476	11,248	493,485	-	(602,743)	-	(602,743)	-
Intergovernmental	-	-	-	-	-	-	-	-
Interest and paying agent fees	5,995	-	-	-	(5,995)	-	(5,995)	-
Total governmental activities	17,110,718	2,559,987	1,969,888	1,051,709	(11,529,134)	-	(11,529,134)	-
Business-type activities:								
Solid waste	1,073,237	906,197	7,609	-	-	(159,431)	(159,431)	-
IBA	190,347	-	145,568	268,857	-	224,078	224,078	-
JDA	110,594	-	10,500	460,982	-	360,888	360,888	-
HCWSA	1,013,828	1,121,505	3,553	1,897,696	-	2,008,926	2,008,926	-
Total business-type activities	2,388,006	2,027,702	167,230	2,627,535	-	2,434,461	2,434,461	-
Total primary government	$ 19,498,724	$ 4,587,689	$ 2,137,118	$ 3,679,244	$ (11,529,134)	$ 2,434,461	$ (9,094,673)	$ -
Component units	$ 765,409	$ 179,377	$ 610,472	$ 17,776	$ -	$ -	$ -	$ 42,216
General revenues								
Real and personal property taxes					5,650,363	-	5,650,363	-
Motor vehicle taxes and title fees					872,212	-	872,212	-
Sales taxes					4,786,586	-	4,786,586	-
Other taxes					960,725	-	960,725	-
Alcoholic beverage taxes					54,071	-	54,071	-
Investment earnings					29,089	2,570	31,659	741
Miscellaneous					60,972	-	60,972	-
Transfers					-	-	-	-
Total general revenues					12,414,018	2,570	12,416,588	741
Change in net position					884,884	2,437,031	3,321,915	42,957
Net position, beginning of year, restated					57,854,799	20,202,357	78,057,156	361,193
Prior period adjustment					(1,049,646)	-	(1,049,646)	10,619
Net position, end of year					$ 57,690,037	$ 22,639,388	$ 80,329,425	$ 414,769

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

HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #3	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
ASSETS									
Cash and cash equivalents	$2,714,647	-	$ -	$ 38,145	$2,094,115	$ 413,509	$ 165,266	$ 530,145	$ 5,955,827
Inventory	81,090	-	-	-	96,636	-	-	-	177,726
Receivables (net of allowance for uncollectibles)	2,217,223	185,789	-	-	-	-	3,719	1,155,484	3,562,215
Intergovernmental receivables	28,569	-	-	-	235,788	-	-	-	264,357
Due from other funds	9,149	2,089	-	99,678	-	4,722	-	11,004	126,642
Prepaid items	214,470	-	-	-	-	-	-	15,850	230,320
Restricted cash	1,369	931,770	-	-	-	-	-	-	933,139
Total assets	$5,266,517	$1,119,648	$ -	$ 137,823	$2,426,539	$ 418,231	$ 168,985	$1,712,483	$ 11,250,226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities									
Accounts payable	$ 38,583	$1,107,047	$ -	$ 2,068	$ 370,670	$ 1,618	$ -	$ 6,801	$ 1,526,787
Other accrued liabilities	33,534	-	-	-	-	-	-	-	33,534
Intergovernmental payable	-	-	-	-	-	-	-	-	-
Due to other funds	30,551	-	-	-	96,916	-	-	9,149	136,616
Customer deposits	1,000	-	-	-	-	-	-	-	1,000
Total liabilities	103,668	1,107,047	-	2,068	467,586	1,618	-	15,950	1,697,937
Deferred inflows of resources									
Unavailable revenue - property taxes	470,756	-	-	-	-	-	-	-	470,756
Total deferred inflows of resources	470,756	-	-	-	-	-	-	-	470,756
Fund balances									
Nonspendable inventory and prepaid items	295,560	-	-	-	96,636	-	-	15,850	408,046
Restricted for:									
Public safety	1,369	-	-	-	-	416,613	-	186,617	604,599
Economic development	-	-	-	-	-	-	168,985	-	168,985
Health and welfare	-	-	-	-	-	-	-	1,174,537	1,174,537
Judicial	-	-	-	-	-	-	-	12,864	12,864
Housing and development	-	-	-	-	-	-	-	44,692	44,692
Capital projects	-	12,601	-	135,755	1,862,317	-	-	261,973	2,272,646
Unassigned	4,395,164	-	-	-	-	-	-	-	4,395,164
Total fund balances	4,692,093	12,601	-	135,755	1,958,953	416,613	168,985	1,696,533	9,081,533
Total liabilities, deferred inflows of resources and fund balances	$5,266,517	$1,119,648	$ -	$ 137,823	$2,426,539	$ 418,231	$ 168,985	$1,712,483	$ 11,250,226

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

HART COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2014

Total fund balance of governmental funds		**$ 9,081,533**
Amounts reported for governmental activities in the Statement of Net Position are different		
Certain long-term assets are not reported in the Balance Sheet of governmental funds because they are not available to pay current-period expenditures, but they are reported as assets in the Statement of Net Position.		
Notes receivable	$ 790,228	
Less 60-day collections reported as a receivable at the fund level	(3,439)	786,789
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. However, in the Statement of Net Position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. These assets		
Land	2,117,662	
Construction in progress	1,984,235	
Buildings	9,596,614	
Machinery, equipment and other	5,463,629	
Vehicles	4,812,915	
Infrastructure	56,963,023	
Recreational upgrades	1,833,449	
Less: accumulated depreciation	(34,805,617)	
Total capital assets		47,965,910
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred inflows of resources in the governmental funds.		
Property Taxes	470,756	
Unavailable revenue - property taxes		470,756
Some liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Those liabilities consist of:		
Capital leases	(24,661)	
Compensated absences	(590,290)	
Total capital leases and compensated absences		(614,951)
Net position of governmental activities		**$ 57,690,037**

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

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	GENERAL	MULTIPLE GRANT	CDBG	SPLOST #3	SPLOST #4	INSURANCE PREMIUM TAX	EIP	NONMAJOR	TOTAL GOVERNMENTAL FUNDS
REVENUES									
Taxes	$8,835,763	$ -	$ -	$ -	$2,758,733	$ 909,704	$ -	$ -	$ 12,504,200
Licenses and permits	64,459	-	-	-	-	-	-	-	64,459
Intergovernmental	143,068	1,176,997	500,000	-	-	-	-	1,157,374	2,977,439
Fines and forfeitures	490,482	-	-	-	-	-	-	55,148	545,630
Charges for services	1,262,338	-	-	-	-	-	-	608,333	1,870,671
Investment earnings	4,290	-	-	558	3,607	1,104	23,499	524	33,582
Contributions and donations	(335)	-	-	-	-	-	-	-	(335)
Miscellaneous	140,199	-	-	-	-	-	275,247	-	415,446
Total revenues	10,940,264	1,176,997	500,000	558	2,762,340	910,808	298,746	1,821,379	18,411,092
EXPENDITURES									
Current									
General government	1,802,203	-	-	-	-	49,529	-	-	1,851,732
Judicial	1,045,847	-	-	-	-	-	-	6,062	1,051,909
Health and welfare	272,483	-	-	-	-	-	-	22,693	295,176
Public safety	5,455,270	6,011	-	-	116,554	490,662	-	530,073	6,598,570
Public works	1,159,098	170,285	-	-	195,183	578,965	-	2,000	2,105,531
Recreation and culture	325,946	2,500	-	325	-	-	-	-	328,771
Housing and development	312,943	-	-	21,258	-	-	282,301	9,506	626,008
Intergovernmental	-	-	500,000	344,761	1,386,348	-	-	-	2,231,109
Capital outlay	-	1,453,426	-	836,836	1,444,738	-	-	-	3,735,000
Debt service									
Principal	-	-	-	-	-	-	-	157,582	157,582
Interest and paying agent fees	-	-	-	-	-	-	-	5,995	5,995
Total expenditures	10,373,790	1,632,222	500,000	1,203,180	3,142,823	1,119,156	282,301	733,911	18,987,383
Excess (deficiency) of revenues over (under) expenditures	566,474	(455,225)	-	(1,202,622)	(380,483)	(208,348)	16,445	1,087,468	(576,291)
OTHER FINANCING SOURCES									
Transfers out	(15,101)	-	-	-	(354,000)	-	-	-	(369,101)
Transfers In	-	15,101	-	354,000	-	-	-	-	369,101
Total other financing sources (uses)	(15,101)	15,101	-	354,000	(354,000)	-	-	-	-
Net change in fund balances	551,373	(440,124)	-	(848,622)	(734,483)	(208,348)	16,445	1,087,468	(576,291)
Prior Period Adjustment	(1,049,646)	-	-	-	-	-	-	-	(1,049,646)
Fund balances, beginning of year	5,190,366	452,725	-	984,377	2,693,436	624,961	152,540	609,065	10,707,470
Fund balances, end of year	$4,692,093	$ 12,601	$ -	$ 135,755	$1,958,953	$ 416,613	$ 168,985	$1,696,533	$ 9,081,533

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

HART COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

Net changes in fund balances of governmental funds:		**$ (576,291)**
Amounts reported for governmental activities in the Statement of Activities are different		
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 the net capital outlays reported in the governmental funds for the current fiscal year exceed the current year depreciation reported in the Statement of		
Expenditures for capital assets	$ 4,039,117	
Depreciation expense	(2,464,670)	
Excess of capital outlay over depreciation expense		1,574,447
The repayment of the principal of long-term debt consumes current financial resources of the governmental funds; however, it does not have any effect on net position. This is the amount of debt reduction during the year.		
Loan repayments		157,582
Proceeds received from contractual note receivable obligations, offset by new notes receivable issued, are recorded as revenue in the governmental funds but have no effect on net position in the Statement of Activities.		
Note receivable issued	277,000	
Payments received	(275,247)	1,753
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 @ 9/30/14	(590,290)	
Liability @ 9/30/13	497,926	(92,364)
Certain revenues will not be collected for several months after the County's fiscal year end, therefore they are not considered current financial resources and are not reported as revenues in the governmental funds.		
Deferred revenue at 9/30/14	470,756	
Deferred revenue at 9/30/13	(650,999)	
Total decrease in deferred revenue		(180,243)
Change in net position of governmental activities		**$ 884,884**

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 567,659	$ 247,749	$ 59,100	$ 1,012,637	$ 1,887,145
Receivables (net of allowance for uncollectibles)	50,645	1,863	-	335,025	387,533
Due from General Fund	9,974	-	-	-	9,974
Inventory	29,242	-	-	-	29,242
Prepaid items	-	1,058	825	5,224	7,107
Current portion of restricted cash	-	-	77,313	-	77,313
Total current assets	657,520	250,670	137,238	1,352,886	2,398,314
Noncurrent assets					
Capital assets, non-depreciable					
Land	-	4,618,976	1,309,359	57,900	5,986,235
Construction in progress	-	-	730,000	3,248,363	3,978,363
Sewer extension project	-	270,727	-	-	270,727
Total non-depreciable capital assets at cost	-	4,889,703	2,039,359	3,306,263	10,235,325
Capital assets, depreciable					
Buildings	252,685	-	-	-	252,685
Machinery, equipment and other	514,289	7,734	16,364	75,610	613,997
Vehicles	113,180	-	-	-	113,180
Water and sewer lines	-	-	-	15,115,082	15,115,082
Infrastructure	-	-	3,232,343	-	3,232,343
Less: accumulated depreciation	(461,252)	(4,640)	(591,522)	(2,522,206)	(3,579,620)
Total depreciable capital assets, net	418,902	3,094	2,657,185	12,668,486	15,747,667
Restricted cash, less current portion	-	140,280	-	305,505	445,785
Total noncurrent assets	418,902	5,033,077	4,696,544	16,280,254	26,428,777
Total assets	1,076,422	5,283,747	4,833,782	17,633,140	28,827,091
LIABILITIES					
Current liabilities					
Accounts payable	2,904	7,032	1,800	760,746	772,482
Other accrued liabilities	-	7,066	2,418	3,807	13,291
Due to other funds	-	-	-	-	-
Customer deposits	-	-	-	96,567	96,567
Compensated absences	7,680	-	-	3,587	11,267
Current portion of notes payable	-	125,709	23,675	-	149,384
Current portion of landfill postclosure care costs	42,270	-	-	-	42,270
Total current liabilities	52,854	139,807	27,893	864,707	1,085,261
Noncurrent liabilities					
Compensated absences, less current portion	15,546	-	-	2,547	18,093
Notes payable, less current portion	-	3,200,807	436,275	1,237,409	4,874,491
Landfill postclosure care costs, less current portion	209,858	-	-	-	209,858
Total noncurrent liabilities	225,404	3,200,807	436,275	1,239,956	5,102,442
Total liabilities	278,258	3,340,614	464,168	2,104,663	6,187,703
NET POSITION					
Net investment in capital assets	418,902	1,559,215	4,234,176	14,217,886	20,430,179
Restricted					
Capital projects	-	-	75,963	305,505	381,468
Debt service	-	140,280	-	-	140,280
Unrestricted	379,262	243,638	59,475	1,005,086	1,687,461
Total net position	$ 798,164	$ 1,943,133	$ 4,369,614	$ 15,528,477	$ 22,639,388

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
OPERATING REVENUES					
Intergovernmental	$ 7,609	$ 143,768	$ 10,500	$ -	$ 161,877
Charges for services	906,152	-	-	1,121,505	2,027,657
Other operating revenues	45	1,800	-	3,553	5,398
Total operating revenues	913,806	145,568	10,500	1,125,058	2,194,932
OPERATING EXPENSES					
Personnel services	405,625	115,372	-	47,913	568,910
Professional services	237	23,505	11,725	35,403	70,870
Purchased property services	2,190	2,496	4,780	39,432	48,898
Other purchased services	559,471	10,371	5,684	70,463	645,989
Supplies and other	70,692	4,814	1,055	497,537	574,098
Depreciation	35,022	387	66,482	302,555	404,446
Total operating expenses	1,073,237	156,945	89,726	993,303	2,313,211
Operating income (Loss)	(159,431)	(11,377)	(79,226)	131,755	(118,279)
NON-OPERATING REVENUES (EXPENSES)					
Capital grants	-	268,857	460,982	1,897,696	2,627,535
Interest expense	-	(33,402)	(20,868)	(20,525)	(74,795)
Investment earnings	817	548	58	1,147	2,570
Total non-operating revenues (expenses)	817	236,003	440,172	1,878,318	2,555,310
Change in net position	(158,614)	224,626	360,946	2,010,073	2,437,031
Net position, beginning of year, restated	956,778	1,718,507	4,008,668	13,518,404	20,202,357
Net position, end of year	$ 798,164	$ 1,943,133	$ 4,369,614	$ 15,528,477	$ 22,639,388

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Solid Waste Fund	Hart County Industrial Building Authority	Joint Development Authority of Franklin, Hart & Stephens Counties	Hart County Water & Sewer Authority	Total
Cash flows from operating activities:					
Cash received from customers	$ 888,883	$ 1,800	$ -	$ 975,601	$ 1,866,284
Other operating receipts	7,609	39,455	10,500	3,553	61,117
Cash payments to suppliers for goods and services	(666,109)	(39,307)	(21,625)	(521,665)	(1,248,706)
Cash payments to employees for services	(410,398)	-	-	(43,432)	(453,830)
Net cash provided by (used in) operating activities	(180,015)	1,948	(11,125)	414,057	224,865
Cash flows from capital and related financing activities:					
Decrease in landfill closure/postclosure care costs	(42,270)	-	-	-	(42,270)
Principal paid on notes payable	-	(3,111,484)	(445,299)	(12,769)	(3,569,552)
Interest paid on notes payable	-	(26,336)	(38,501)	(20,525)	(85,362)
Proceeds from new bank loans	-	-	459,950	1,237,409	1,697,359
Intergovernmental transfers in for capital assets	-	3,012,750	730,000	1,396,645	5,139,395
Intergovernmental transfers in for capital asset debt service	-	268,857	-	-	268,857
Acquisition and construction of capital assets	-	-	(730,000)	(2,873,276)	(3,603,276)
Net cash provided by (used in) capital and related financing activities	(42,270)	143,787	(23,850)	(272,516)	(194,849)
Cash flows from investing activities:					
Interest received on investments	817	669	113	1,147	2,746
Net cash provided by (used in) investing activities	817	669	113	1,147	2,746
Net increase (decrease) in cash and cash equivalents	(221,468)	146,404	(34,862)	142,688	32,762
Cash and cash equivalents, beginning of year	789,127	241,625	171,275	1,175,454	2,377,481
Cash and cash equivalents, end of year	$ 567,659	$ 388,029	$ 136,413	$ 1,318,142	$ 2,410,243
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (159,431)	$ (11,377)	$ (79,226)	$ 131,755	$ (118,279)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	35,022	387	66,482	302,555	404,446
In-kind contributions	-	-	-	(875)	(875)
Decrease (increase) in accounts receivable for operations	(17,314)	11,059	-	(41,071)	(47,326)
Decrease (increase) in inventory	6,819	-	-	-	6,819
Decrease (increase) in prepaid expenses	-	(1,058)	(181)	(112)	(1,351)
Increase (decrease) in accounts payable for operations	(30,236)	2,937	1,800	(1,938)	(27,437)
Increase (decrease) in due to other funds	(10,102)	-	-	-	(10,102)
Increase (decrease) in compensated absences	6,628	-	-	3,877	10,505
Increase (decrease) in other accrued expenses	(11,401)	-	-	254	(11,147)
Increase (decrease) in customer water deposits	-	-	-	19,612	19,612
Total adjustments	(20,584)	13,325	68,101	282,302	343,144
Net cash provided by (used in) operating activities	$ (180,015)	$ 1,948	$ (11,125)	$ 414,057	$ 224,865

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

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
September 30, 2014

	Agency Funds Total
ASSETS	
Cash	$ 597,743
Taxes receivable	2,264,722
Total assets	$ 2,862,465
LIABILITIES	
Due to others	$ 2,862,465
Total liabilities	$ 2,862,465

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2014

	Hart County Library	Hart County Health Department	Total
ASSETS			
Cash and cash equivalents	$ 100,530	$ 194,406	$ 294,936
Receivables (net of allowance for uncollectibles)	4,700	43,425	48,125
Restricted cash and investments	30,690	-	30,690
Capital assets			
Machinery, equipment, and other	191,495	5,929	197,424
Books and collections	414,331	-	414,331
Less: accumulated depreciation	(529,379)	-	(529,379)
Capital assets, net of depreciation	76,447	5,929	82,376
Total assets	212,367	243,760	456,127
LIABILITIES			
Current liabilities			
Accounts payable	2,420	4,690	7,110
Other accrued liabilities	-	-	-
Compensated absences due within one year	-	29,500	29,500
Non-current liabilities			
Compensated absences due after one year	-	4,748	4,748
Total liabilities	2,420	38,938	41,358
NET POSITION			
Net investment in capital assets	76,447	5,929	82,376
Restricted for			
Children's reading books	30,690	-	30,690
Unrestricted	102,810	198,893	301,703
Total net position	$ 209,947	$ 204,822	$ 414,769

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

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2014

	Hart County Library	Hart County Health Department	Total
Expenses			
Public health and welfare	$ -	$ 509,163	$ 509,163
Recreation and culture	256,921	-	256,921
Total expenses	256,921	509,163	766,084
Program revenues			
Charges for services	13,704	165,673	179,377
Operating grants and contributions	245,787	364,685	610,472
Capital grants and contributions	17,776	-	17,776
Total program revenues	277,267	530,358	807,625
Net (expense) revenue	20,346	21,195	41,541
General revenues			
Restricted contributions	-	-	-
Investment earnings	741	-	741
Miscellaneous and other	675	-	675
Total general revenues	1,416	-	1,416
Change in net position	21,762	21,195	42,957
Net position, beginning	188,185	173,008	361,193
Prior period adjustment	-	10,619	10,619
Net position, ending	$ 209,947	$ 204,822	$ 414,769

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) Reporting Entity

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

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

Blended Component Units:

Hart County Water and Sewer Authority

The Hart County Water and Sewer Authority (the "HCWSA") was created by House Bill No. 2141 of the Georgia Assembly on March 30, 1993 and become active during the fiscal year ended September 30, 2001. HCWSA is governed by a five member HCWSA Board appointed by the County Board of Commissioners for four year terms. HCWSA is the basic level of government which has oversight responsibility and control over all activities related to water and sewerage systems in Hart County, Georgia. HCWSA receives most of its operating revenues from sales of water service and connection fees. HCWSA pays for capital outlay (water lines) with money passed through from Hart County's Special Purpose Local Option Sales Tax funds ("SPLOST") and other governmental grants. HCWSA is included as a component unit because the Hart County Board of Commissioners appoints all members of HCWSA's Board and can, therefore, impose its will upon HCWSA. Under GASB Statement 61, the County is required to report HCWSA as a blended component unit beginning in fiscal year 2014 due to the County's guarantee of new debt issued to HCWSA during the fiscal year. HCWSA was previously reported as a discretely presented component unit. Complete financial statements of HCWSA can be obtained from its administrative offices at 200 Arthur Street, Hartwell Georgia 30643.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Blended Component Units (Continued):

Hart County Industrial Building Authority
The Hart County Industrial Building Authority (the "IBA") was created in 1963 to encourage and promote the expansion and development of industrial and commercial facilities in Hart County, Georgia, so as to relieve possible unemployment within its boundaries. IBA has five board members: the Chairman of the Hart County Board of Commissioners, the Mayor of the City of Hartwell, the President of the Hart County Chamber of Commerce, and two members appointed for five year terms by the other three members. IBA is dependent upon the County for funding its long-term obligations. IBA has a December 31 year-end, and the financial statements included herein are as of and for the year ended December 31, 2013. Complete financial statements for the IBA can be obtained from the Hart County Industrial Building Authority, P.O. Box 156, Hartwell, Georgia 30643.

Joint Development Authority of Franklin, Hart and Stephens Counties
The Joint Development Authority of Franklin, Hart and Stephens Counties (the "JDA") is a public body corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. JDA has been authorized by the General Assembly of Georgia and has been created and activated by concurrent resolutions of the Boards of Commissioners of said counties duly filed with the Secretary of State of Georgia as a joint development authority under O.C.G.A. 36-62.5.1. The purpose of JDA is to promote the economic development of the geographical areas of its operation, encourage cooperation among economic development organizations within the area of the participating counties and to exercise all the powers granted to a development authority pursuant to the provisions of O.C.G.A. 36-62-1 et seq. JDA has received a substantial amount of its funding from Hart County. Under GASB Statement 61, the County is required to report JDA as a blended component unit beginning in fiscal year 2014 due to the County's guarantee of new debt issued to JDA during the fiscal year. JDA was previously reported as a discretely presented component unit. JDA has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2014. Complete financial statements of JDA can be obtained from P.O. Box 793, Hartwell, Georgia 30643.

Discretely Presented Component Units:

Hart County Health Department
The Hart County Health Department (the "Health Department") serves all citizens of Hart County and operates as one of 18 county health departments under the Georgia Department of Public Health. The Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The Health Department is responsible for the overall coordination of local health activities in Hart County, Georgia to include immunizations, communicable diseases, children and women's health, and environmental health, unless a matter falls under the jurisdiction of other agencies. The Health Department is governed by the County Board of Health, a seven member board of which a voting majority is appointed by the County and includes at least one member of the Hart County Board of Commissioners. The Health Department is funded by the state of Georgia and the County under the Grant-in-Aid provisions. The Hart County Board of Commissioners approves the Health Department's budget. The Health Department has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2014. Complete financial statements of the Health Department can be obtained from its administrative offices at 64 Reynolds Street, Hartwell, Georgia 30643.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Reporting Entity (Continued)

Discretely Presented Component Units (Continued):

Hart County Library
The Hart County Library (the "Library") serves all citizens of Hart County and operates pursuant to Official Code of Georgia Annotated Sections 20-5-40 through 20-5-59 to provide public library services with costs shared by participating local governmental agencies and grants from the state of Georgia. The Library Board consists of seven members appointed jointly by the Hart County Board of Commissioners, the Hartwell City Council and the Hart County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the state of Georgia for state and federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Library Board has the power to designate management, the power to retain unreserved fund balances of local and other funds for continued operations and is the lowest level of oversight responsibility for the Library's operations. The Hart County Board of Commissioners provides a substantial amount of financial support for the operations of the Library. The Library has a June 30 year-end, and the financial statements included herein are as of and for the year ended June 30, 2014. Complete financial statements of the Library can be obtained from its administrative offices at 150 Benson Street, Hartwell, Georgia 30643.

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental Fund Financial Statements:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Financial Statements (Continued):

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund Financial Statements:

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

The County reports the following major proprietary funds:

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

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

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

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

Fiduciary Fund Financial Statements:

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

(D) Budgetary Data Control

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

The County does not use the encumbrance system of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Deposits and Investments

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

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

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

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

(F) Interfund Receivables and Payables

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

(G) Receivables

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

The major receivables for the County consist of property taxes receivable and receivables for the County's Emergency Medical Services department. Real and personal property taxes are levied after acceptance of the County's tax digest by the Georgia Department of Revenue. Property taxes for 2013, other than vehicles, were levied and mailed on December 10, 2013. The taxes were based on January 1, 2013 assessed values and were due on February 20, 2014, after which date liens can be attached. Motor vehicle taxes are assessed January 1, based on values on January 1; due dates are based on the birth date of the registered owner.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) Receivables (Continued)

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

The County had been collecting property taxes on a temporary digest for the digest years of 2009, 2010, & 2011 because numerous property owners appealed the 2009 tax digest assessments. As a result, temporary bills were issued for those years. The 2009 tax digest was finalized in November 2011 and millage rates for the final digest were set. The 2010 and 2011 final bills were completed and approved by the state of Georgia in July 2013. The County produced and mailed the final billings for 2009, 2010 and 2011 in November 2013 and payment was due in January 2014. The final billings are the difference between the amount paid on the temporary billings and the final billings based on the final tax digest. Some taxpayers were due a refund and those were paid during the current year. A 10% late penalty and interest rate of 1% per month is assessed on taxes paid late. However, there is no late penalty due to the temporary billings.

(H) Inventories and Prepaid Expenditures

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

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

(I) Capital Assets

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Capital Assets (Continued)

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

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

(J) Unearned Revenue

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

(K) Compensated Absences

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

(L) Noncurrent Liabilities

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section, *deferred outflows of resources,* represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended September 30, 2014, the County did not have any items that qualify for reporting in this category.

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

(N) Fund Equity & Net Position

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

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

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

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

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

Assigned: Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted not committed by formal action of the BOC. The BOC is responsible for assigning fund balance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N) Fund Equity & Net Position (Continued)

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

Net Position Flow Assumption - Sometimes the County will fund outlays for a particular purpose from both restricted (i.e., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

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

(O) 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.

(P) Subsequent Events

Subsequent events have been evaluated by management through February 23, 2015, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

Excess of Expenditures over Appropriations

The Emergency Medical Services department in the General Fund overspent the final total 2014 budget by $53,232.

NOTE 3 - FINANCIAL ASSISTANCE TO DISCRETELY PRESENTED COMPONENT UNITS

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

Discretely Presented Component Unit	Amount of Assistance
Hart County Library	$ 77,000
Hart County Health Department	73,288
Total financial assistance to discretely presented component units	$ 150,288

NOTE 4 - DEPOSITS AND INVESTMENT RISK

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

The County's deposits are classified as follows at September 30, 2014:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary government	$ 2,666,216	$ 7,356,292	$ -	$ 10,022,508	$ 9,299,209
Discretely presented component units:					
Hart County Library	$ 59,174	$ 47,773	$ -	$ 106,947	$ 100,530
Hart County Health Department	208,441	-	-	208,441	194,406
Total discretely presented component units	267,615	47,773	-	315,388	294,936
Total deposits	$ 2,933,831	$ 7,404,065	$ -	$ 10,337,896	$ 9,594,145

Primary Government Cash and Cash Equivalents Reconciliation:

Primary Government Fund Reporting Level	Cash and Cash Equivalents
Governmental funds – Balance Sheet	$ 5,955,827
Governmental funds – Balance Sheet (restricted)	933,139
Proprietary funds – Statement of Net Position	1,887,145
Proprietary funds – Statement of Net Position (restricted)	523,098
Total cash and cash equivalents	$ 9,299,209

Credit Risk

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

Of the $9,896,952 carrying amount of cash and cash equivalents for the primary government, $5,409,859 is invested in the Local Government Investment Pool "Georgia Fund 1".

NOTE 4 - DEPOSITS AND INVESTMENT RISK (CONTINUED)

Georgia Fund 1 (the "pool") was created by O.C.G.A. 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7-like pool. Georgia Fund 1 is managed by the Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification, while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. Funds included in this pool are not required to be collateralized. Total investments in Georgia Fund 1 as of September 30, 2014 are:

Georgia Fund I	AAAf rated by Standard & Poor's	$5,409,859	62 day WAM

On May 13, 2013, the Hart County Library, a discretely presented component unit, invested restricted funds of $30,000 in a single premium deferred annuity contract through an insurance company with an A.M. Best rating of "A" (excellent). As of June 30, 2014, the balance in the annuity was $30,690. The amount invested in the annuity contract approximates fair value. The annuity contract does not comply with Georgia law for investment of funds.

Interest Rate Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County has no formal policy, but follows state of Georgia requirements that all deposits be federally insured or fully collateralized. At September 30, 2014, all deposits of the County were adequately insured or collateralized.

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – RECEIVABLES

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

Receivables at September 30, 2014 for the County's individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	SPLOST #4	EIP Funds	Multiple Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:						
Property taxes	$ 573,297	$ -	$ -	$ -	$ -	$ 573,297
Accounts receivable	2,549,683	-	3,719	185,789	1,155,484	3,894,675
Intergovernmental	28,569	235,788	-	-	-	264,357
Total receivables, gross	3,151,549	235,788	3,719	185,789	1,155,484	4,732,329
Less: Allowance for uncollectibles	(905,757)	-	-	-	-	(905,757)
Total receivables, net	$ 2,245,792	$ 235,788	$ 3,719	$ 185,789	$ 1,155,484	$ 3,826,572
Notes receivable	$ -	$ -	$ 790,228	$ -	$ -	$ 790,228

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

EIP #1: During fiscal year 2005, the County received an Employment Incentive Grant of $295,176. The County, in turn, made a loan to Quality Industries, LLC to finance the purchase of equipment in the amount of $283,176 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 equal consecutive monthly installments of $2,372. As of September 30, 2014, the remaining balance of the note is $59,719 with a current amount receivable of $26,727.

EIP #3: During fiscal year 2009, the County entered into an agreement with Fabritex, Inc. to finance the purchase of equipment. The note receivable has an original principal balance of $145,000 together with interest of 3.0% per annum. The note is being repaid in 84 equal consecutive monthly installments of $1,400. As of September 30, 2014, the remaining balance of the note is $67,420 with a current amount receivable of $14,743.

EIP #4: During fiscal year 2011, the County received an Employment Incentive Grant of $486,946. The County, in turn, made a loan to Ritz Instrument Transformers, Inc. to finance the purchase of equipment in the amount of $470,000 in exchange for a long-term note receivable at 3.0% interest rate per annum. The note is being repaid in 84 equal consecutive monthly installments of $6,210. As of September 30, 2014, the remaining balance of the note is $265,909 with a current amount receivable of $66,589.

NOTE 5 – RECEIVABLES (CONTINUED)

EIP #5: During fiscal year 2013, the County entered into a second agreement with Ritz Instrument Transformers, Inc. to finance the purchase of equipment. The note receivable has an original principal balance of $327,488 together with interest of 3.0% per annum. The note is being repaid in 84 equal consecutive monthly installments of $4,360. As of September 30, 2014, the remaining balance of the note is $245,592 with a current amount of $44,778.

EIP #6: During fiscal year 2014, the County entered into an agreement with Appalachian Processing, LLC to finance the purchase of equipment. The note receivable has an original principal balance of $125,000 together with interest of 3.0% per annum. The note was set to repay in 120 equal consecutive monthly installments of $1,207. On August 22, 2014, the note was paid off. As of September 30, 2014, the remaining balance of the note is $-0-.

EIP #7: During fiscal year 2014, the County entered into an agreement with DSH Holdings, LLC, Lake Foods, LLC, and Wauka Mountain Foods, LLC to finance the purchase of equipment. The note receivable has an original principal balance of $152,000 together with interest of 3.0% per annum. The note is being repaid in 120 equal consecutive monthly installments of $1,503. As of September 30, 2014, the remaining balance of the note is $152,000 with a current amount of $12,204.

Health Care Services Fund: The accounts receivable for nonmajor governmental funds include $1,078,132 reported for the Health Care Services Fund. This fund was created during the current year when the Hart County Hospital Authority (Authority) dissolved on August 26, 2014 and transferred the Authority's remaining assets and contracts to the County. The assets and contracts transferred consist of:

1. Approximately $80,000 cash.
2. Payments due from Ty Cobb Healthcare System, Inc. under a lease termination agreement totaling $1,078,132. These payments will be utilized for the provision of health care services for the benefit of the citizens of the County. As of September 30, 2014, the remaining balance under the agreement is $1,078,132 with a current amount of $269,533.
3. A three year lease agreement with Ty Cobb Healthcare System, Inc. for the former Hart County Hospital building with an option to extend the term for an additional three years. Monthly lease payments are $4,100. At the time of the transfer, only one year was remaining on the original lease. One lease payment was made by the County for the year ending September 30, 2014.
4. A three year sub-lease with an urgent care center for building space in the former Hospital building with an option to extend the term for an additional three years. At the time of the transfer, only one year was remaining on the original lease. Amounts due under the sub-lease total $4,100 per month. One sub-lease rental payment was received by the County for the year ending September 30, 2014.

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

	Library	Health Department	Total
Accounts receivable	$ 4,700	$ 43,425	$ 48,125

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund receivables and payables as of September 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
Insurance Premium Tax	General	$ 4,722
Solid Waste	General	9,974
E-911	General	11,004
SPLOST #3	General	2,762
Multiple Grant	General	2,089
SPLOST #3	SPLOST #4	96,916
General	DFACS	9,149
		$ 136,616

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables net to zero. All amounts are expected to be paid within one year. The interfund payable between SPLOST #3 and SPLOST #4 represents the transfer of inventory.

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

Interfund transfers:

	Transfers From		
Transfers To	General Fund	SPLOST #4	Total
Multiple Grant Fund	$ 15,101	$ -	$ 15,101
SPLOST #3	-	354,000	354,000
Total	$ 15,101	$ 354,000	$ 369,101

Transfers are used to (1) report revenues in the fund that statute or budget requires to collect such revenue to the fund that the statute or budget requires to expend such revenue and (2) account for revenues collected in the general fund which are to be used by other funds in accordance with budget authorizations or anticipated capital projects.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Change in Reporting JDA and HCWSA	Restated Balance September 30, 2013	Additions	Reclassifications and Retirements	Ending Balance
Primary Government:						
Governmental activities:						
Non-depreciable assets:						
Land and improvements	$ 2,090,570	$ -	$ 2,090,570	$ 27,092	$ -	$ 2,117,662
Construction in progress	533,150	-	533,150	1,613,073	(161,988)	1,984,235
Total non-depreciable capital assets	2,623,720	-	2,623,720	1,640,165	(161,988)	4,101,897
Depreciable assets:						
Buildings	9,341,102	-	9,341,102	105,035	150,477	9,596,614
Machinery, equipment and other	5,177,726	-	5,177,726	284,331	1,572	5,463,629
Vehicles	4,566,872	-	4,566,872	246,743	(700)	4,812,915
Infrastructure	55,302,109	-	55,302,109	1,650,275	10,639	56,963,023
Recreational upgrades	1,720,881	-	1,720,881	112,568	-	1,833,449
Total depreciable capital assets	76,108,690	-	76,108,690	2,398,952	161,988	78,669,630
Less accumulated depreciation for:						
Buildings	(2,289,182)	-	(2,289,182)	(144,338)	-	(2,433,520)
Machinery, equipment and other	(2,496,381)	-	(2,496,381)	(241,911)	-	(2,738,292)
Vehicles	(2,092,516)	-	(2,092,516)	(239,238)	-	(2,331,754)
Infrastructure	(25,233,674)	-	(25,233,674)	(1,804,924)	-	(27,038,598)
Recreational upgrades	(229,194)	-	(229,194)	(34,259)	-	(263,453)
Total accumulated depreciation	(32,340,947)	-	(32,340,947)	(2,464,670)	-	(34,805,617)
Total depreciable capital assets, net	43,767,743	-	43,767,743	(65,718)	161,988	43,864,013
Governmental activities capital assets, net	$46,391,463	$ -	$ 46,391,463	$ 1,574,447	$ -	$ 47,965,910
Business-type activities:						
Non-depreciable assets:						
Land and improvements	$ 4,618,976	$ 1,364,259	$ 5,983,235	$ 3,000	$ -	$ 5,986,235
Construction in progress	-	689,921	689,921	4,306,399	(1,017,957)	3,978,363
Sewer extension	270,727	-	270,727	-	-	270,727
Total non-depreciable capital assets	4,889,703	2,054,180	6,943,883	4,309,399	(1,017,957)	10,235,325
Depreciable assets:						
Buildings	252,685	-	252,685	-	-	252,685
Machinery, equipment and other	522,023	79,074	601,097	12,900	-	613,997
Vehicles	113,180	-	113,180	-	-	113,180
Water and sewer lines	-	14,093,661	14,093,661	3,464	1,017,957	15,115,082
Infrastructure	-	3,232,343	3,232,343	-	-	3,232,343
Total depreciable capital assets	887,888	17,405,078	18,292,966	16,364	1,017,957	19,327,287
Less accumulated depreciation for:						
Buildings	(35,940)	-	(35,940)	(8,333)	-	(44,273)
Machinery, equipment and other	(324,693)	(68,991)	(393,684)	(27,854)	-	(421,538)
Vehicles	(69,850)	-	(69,850)	(3,773)	-	(73,623)
Water and sewer lines	-	(2,162,437)	(2,162,437)	(299,838)	-	(2,462,275)
Infrastructure	-	(513,264)	(513,264)	(64,647)	-	(577,911)
Total accumulated depreciation	(430,483)	(2,744,692)	(3,175,175)	(404,445)	-	(3,579,620)
Total depreciable capital assets, net	457,405	14,660,386	15,117,791	(388,081)	1,017,957	15,747,667
Business-type activities capital assets, net	$ 5,347,108	$16,714,566	$ 22,061,674	$ 3,921,318	$ -	$ 25,982,992

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units:

Hart County Health Department

Capital asset activity for the Health Department for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable assets:				
Machinery, equipment and other	$ 9,881	$ -	$ -	$ 9,881
Less accumulated depreciation	(1,976)	(1,976)	-	(3,952)
Capital assets, net	$ 7,905	$ (1,976)	$ -	$ 5,929

Hart County Library

Capital asset activity for the Library for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable assets:				
Machinery, equipment and other	$ 173,166	$ 18,329	$ -	$ 191,495
Books and collections	418,140	10,098	(13,907)	414,331
Less accumulated depreciation for:				
Machinery, equipment and other	(137,180)	(4,519)	-	(141,699)
Books and collections	(390,286)	(11,301)	13,907	(387,680)
Capital assets, net	$ 63,840	$ 12,607	$ -	$ 76,447

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

Primary Government:	
Governmental activities:	
General government	$ 115,919
Housing and development	-
Judicial	4,622
Public health and welfare	12,040
Public safety	349,283
Public works	1,919,882
Recreation and culture	62,924
Total depreciation expense - governmental activities	$ 2,464,670
Business-type activities:	
Solid waste	$ 35,022
Hart County Industrial Building Authority	387
Joint Development Authority of Franklin, Hart and Stephens Counties	66,482
Hart County Water and Sewer Authority	302,555
Total depreciation expense - business-type activities	$ 404,446

NOTE 8 - LEASES RECEIVABLE

The Hart County Industrial Building Authority has taken title to certain fixtures, equipment and other personal and real property and leased said property to various companies in order to abate ad valorem property taxes as an incentive for the company to locate or expand their operations in Hart County, Georgia. The leased property is not recorded In the Statement of Net Position or Balance Sheet because each company has the right to purchase the property for a nominal amount at any time before or at the expiration of the lease. Each company will pay to IBA an annual lease payment, together with a payment in lieu of ad valorem taxes (PILOT) and any applicable utility or other government service charges. For leased property that is subject to a lien at the time the property is transferred to IBA, IBA has guaranteed the debt secured by and limited to the amount of the collateral.

Company	Leased Property (Collateral)	Material Covenants	Guarantee	Annual Lease Payment	Annual Lease Payments Begin	Start of Lease Term	End of Lease Term	Renewal Options
AgStrong Oils, LLC	1.9 acres land	Company to employ and maintain employment for at least 20 individuals and invest at least $10,000,000 in physical assets in Hart County, Georgia by 12/31/12.	$ 2,580,000	$ 1,500	12/31/12	12/30/11	11/30/15	2 options through 11/30/23
Hart AgStrong, LLC	5.606 acres land	Company to employ and maintain employment for at least 10 individuals and invest at least $4,000,000 in physical assets in Hart County, Georgia by 12/31/09.	$ 3,990,000	$ 1,500	12/31/10	12/30/11	01/30/14	4 options, through 2/1/2030
Industrial Properties of Georgia, LLC (and Custom Designed Controls, LLC)	5.10 acres land, 30,000 sq ft building, improvements and equipment	Company to employ and maintain employment for at least 25 individuals and invest at least $1,000,000 in physical assets in Hart County, Georgia by 12/31/10.	$ 760,000	$ 10	01/01/09	01/01/09	01/15/14	None
Milbro Refractories, Inc.	8.58 acres land, 20,000 sq ft building and equipment	Company to employ and maintain employment for at least 5 individuals and invest at least $800,000 in physical assets in Hart County, Georgia by 12/31/10.	$ 659,555	$ 10	12/31/08	03/06/08	02/06/31	Automatic annual renewals
Ritz Instrument Transformers, Inc.	10 acres land and equipment	Company to employ and maintain employment for at least 50 individuals and invest at least $3,250,000 in physical assets in Hart County, Georgia by 12/31/10. Company will incur no more than $5,000 for fees in connection with taking title of project.	$ 4,000,000	$ 1,500	12/01/10	12/31/09	12/30/14	None
SD Automotive Group Management, Inc.	Equipment	Company to employ and maintain employment for at least 25 individuals and invest at least $3,000,000 in physical assets in Hart County, Georgia by 12/31/12.	$ -	$ 10	01/01/12	12/31/11	12/31/15	2 automatic renewing options through 1/5/22
Tenneco Automotive Operating Company, Inc.	11 parcels of land, improvements and equipment	Company to employ at least 220 individuals by 12/31/12 and to employ and maintain employment for 400 individuals and invest at least $10,470,000 in physical assets in Hart County, Georgia by 12/31/2020. Allowed to increase investment available for abatement through 2012. If employment or investment goals are not met, "community recovery payments" must be made.	$ 42,000,000	Amount needed to pay principal and interest payments on bond debt.	12/01/10	05/01/10	12/01/13	2 automatic renewing options, through 12/1/21

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

Amount of PILOT Payment (based on a percentage of the amount that would be owed for ad valorem tax if property were held in Lessee's name)															
Company	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
AgStrong Oils, LLC	-	-	-	-	0%	0%	0%	0%	0%	20%	40%	60%	80%	100%	100%
Hart AgStrong, LLC	-	-	0%	0%	0%	50%	85%	100%	100%	100%	100%	100%	100%	100%	100%
Industrial Properties of Georgia, LLC (and Custom Designed Controls, LLC)	0%	0%	20%	40%	60%	80%	100%	-	-	-	-	-	-	-	-
Milbro Refractories, Inc.	0%	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	100%	100%	100%
Ritz Instrument Transformers, Inc.	-	-	0%	20%	40%	60%	80%	-	-	-	-	-	-	-	-
SD Automotive Group Management, Inc.	-	-	-	-	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Tenneco Automotive Operating Company, Inc.	-	-	0%	0%	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

NOTE 9 - NONCURRENT LIABILITIES

Capital Lease Payable

On July 1, 1999, the County entered into a lease purchase agreement with HHS Property Corporation to construct a building known as the Department of Family and Children's Services ("DFACS") facility. The total cost of the DFACS facility was $1,670,296, which is classified in buildings in the County's capital assets. Principal payments on this lease started at the time construction was complete. The first payment was made on March 1, 2000 and the final payment will be due January 1, 2015, at which time, the County intends to take possession of the facility. Monthly payments are $13,631 at 5.35% per annum. This lease agreement qualifies as a capital lease under FASB ASC Topic 840, Leases. The lease is collateralized by the facility. The building acquired by the lease is included in governmental-type activities capital assets in the amount of $1,346,676 (cost of $1,670,296 less accumulated depreciation of $323,620).

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 DFACS. DHR pays the County $14,149 per month. Of this amount, $13,631 is considered rent and $518 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 11:59 p.m. on the day before the fifteenth anniversary of the initial commencement date.

During fiscal year 2014, the County made total payments of $163,577 toward the DFACS building lease. Of this total payment, $157,582 was a reduction of principal while $5,995 was interest paid.

The future minimum lease obligations for the DFACS lease as of September 30, 2014 is as follows:

Year Ending September 30		DFACS
2015	$	24,820
Less: Interest		(159)
Present value of minimum lease payments	$	24,661

Current year depreciation of $20,879 is included in depreciation expense in the County's government-wide statements.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

Landfill Closure and Post Closure Care Costs

State and federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after closure. On May 1, 1997, in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. Although closure and post closure care costs will generally be paid near or after the date the landfill stops accepting waste, generally accepted accounting principles require a portion of the estimated closure and post closure care costs to be reported as an operating expense in each period for which the landfill accepts waste. The $252,128 reported as landfill closure and post closure care liability at September 30, 2014 represents the cumulative estimated total amount necessary to perform all future post closure functions based on the use of 100% of the estimated capacity of the landfill. The amount reported is based on what it would cost to perform all post closure care in 2014. The County has closed the landfill and no useful life exists. Actual costs may be different due to changes in inflation, technology, or applicable laws or regulations. The County meets the Environmental Protection Agency financial assurance requirements using the financial test method because it has sufficient assets to cover the post closure care costs.

CHANGES IN NONCURRENT LIABILITIES

Noncurrent liability activity for the primary government for the year ended September 30, 2014 was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 497,926	$ 517,231	$ (424,867)	$ 590,290	$ 389,646
Capital leases payable	182,244	-	(157,583)	24,661	24,661
Governmental activities noncurrent liabilities	$ 680,170	$ 517,231	$ (582,450)	$ 614,951	$ 414,307
Business-type activities:					
Compensated absences	$ 18,855	$ 19,725	$ (9,220)	$ 29,360	$ 11,267
Landfill postclosure	294,398	-	(42,270)	252,128	42,270
Business-type activities noncurrent liabilities	$ 313,253	$ 19,725	$ (51,490)	$ 281,488	$ 53,537

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

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

Fund	Compensated Absences Liability
Governmental activities:	
General Fund	$ 557,143
E911 Fund	16,802
Insurance Premium Tax Fund	16,345
Total governmental activities	$ 590,290
Business-type activities:	
Solid Waste Fund	$ 23,226
Hart County Water & Sewer	6,134
	$ 29,360

BLENDED COMPONENT UNITS:

Hart County Industrial Building Authority

Conduit Debt Obligations

In June 2010, IBA issued in its name Series 2009 taxable industrial development revenue bonds in the amount of $42,000,000. Monies obtained from the bond issuance were used to acquire, construct and equip a manufacturing facility for Tenneco Automotive Operating Company, Inc. ("Tenneco") serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Tenneco under a capital lease. IBA has no obligation to pay on the Series 2009 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of IBA. The bonds mature on December 1, 2021. The outstanding balance of the Series 2009 bonds payable at December 31, 2013 was $26,453,250.

Notes Payable

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

In October 2011, IBA purchased 133.9 acres of land located in Gateway Industrial Park in Hart County, Georgia from Janiece Murray White in exchange for a promissory note in the amount of $3,012,750. According to the terms of the note, the full amount of the principal with interest at 0.0% per annum would have been due in October 2014. The note was secured by the property purchased. In September 2013, IBA repaid this note with the proceeds of a new USDA loan as described below.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

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

Noncurrent liability activity for IBA for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
IBA					
Business-type activities:					
Hart EMC note payable	$ 412,500	$ -	$ (90,000)	$ 322,500	$ 90,000
Janiece Murray White	3,012,750	-	(3,012,750)	-	-
USDA note payable	-	3,012,750	(8,734)	3,004,016	35,709
Business-type activities noncurrent liabilities	$ 3,425,250	$ 3,012,750	$ (3,111,484)	$ 3,326,516	$ 125,709

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Industrial Building Authority (Continued)

Notes Payable (Continued)

Below is the schedule of future minimum obligated payments:

Fiscal Year	Interest	Principal	Total
2014	$ 104,571	$ 125,709	$ 230,280
2015	103,301	126,979	230,280
2016	101,986	128,294	230,280
2017	100,624	92,156	192,780
2018	99,214	41,066	140,280
2019 - 2023	473,092	228,308	701,400
2024 - 2028	429,498	271,902	701,400
2029 - 2033	377,581	323,819	701,400
2034 - 2038	315,750	385,650	701,400
2039 - 2043	242,112	459,288	701,400
2044 - 2048	154,415	546,985	701,400
2049 - 2053	50,248	596,360	646,608
Total	$ 2,552,392	$ 3,326,516	$ 5,878,908
Less: Interest			(2,552,392)
Present value of minimum payments			$ 3,326,516

Hart County Water and Sewer Authority

Notes Payable

In August 2003, HCWSA signed a promissory note for $125,000 with the Georgia Environmental Facilities Authority ("GEFA") for the purpose of constructing a water line along State Route 77 and State Route 59 to the City of Lavonia. According to the terms of the note, quarterly payments of $3,232 with interest at 2.0% per annum were due beginning October 2004. This loan was paid in full during the year ended September 30, 2014.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

Hart County Water and Sewer Authority (Continued)

Notes Payable (Continued)

In July 2013, HCWSA executed a loan agreement to borrow a maximum amount of $2,221,700 in pass-through federal and state funding from the Drinking Water State Revolving Fund ("DWSRF") administered by GEFA for the construction of a water tank and distribution system extensions into the western area of Hart County, Georgia. According to the terms of the loan agreement, 60 monthly payments with interest at 0.5% per annum are due beginning upon completion of the project. The note will be secured by HCWSA's revenue raising powers and repayment of the loan is guaranteed by the County. At the time of project completion, if the full $2,221,700 has been drawn down, the lender agrees to forgive $444,340 (20%) of the principal balance of the loan. As of September 30, 2014, HCWSA has drawn down $1,546,761 related to this agreement, of which $1,199,204 (77.53%) is federally funded and $347,557 (22.47%) is funded by the state of Georgia. The amount reported as loan forgiveness revenue is $309,352 (20% of total) and the remaining 80%, $1,237,409, is reported as a noncurrent liability. Construction period interest at 0.5% per annum in the amount of $1,654 has been capitalized as part of construction in progress. The remainder of the 1% loan origination fee required per this agreement of $20,366 has been paid and is reported as a non-operating expense in these financial statements.

Noncurrent liability activity for HCWSA for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
HCW&S					
Business-type activities:					
GEFA note payable	$ 12,769	$ -	$ (12,769)	$ -	$ -
DWSRF note payable	-	1,237,409	-	1,237,409	-
Business-type activities noncurrent liabilities	$ 12,769	$ 1,237,409	$ (12,769)	$ 1,237,409	$ -

A schedule of future minimum obligated payments for HCWSA is not presented since the since the GEFA loan has been paid in full and the DWSRF loan is still in the drawdown stage with no specific repayment obligations until the project is complete.

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

Compensated Absences

Activity related to compensated absences for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued Compensated Absences	$ 2,257	$ 6,084	$ (2,207)	$ 6,134	$ 3,587

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

Conduit Debt Obligations

In October, 2004, JDA issued in its name two Series 2004 taxable industrial development revenue bonds in the amounts of $15,400,000 and $13,000,000. Monies obtained from the bond issuances were used to construct and equip a manufacturing facility for TI Group Automotive Systems, L.L.C. serving Hart County, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by TI Group Automotive Systems, L.L.C. under a capital lease. JDA has no obligation to pay on the Series 2004 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of JDA. The $15,400,000 bonds mature on October 1, 2015 and the $13,000,000 bonds mature on October 1, 2017. The outstanding balance of the $15,400,000 bonds payable at June 30, 2014 was $7,358,063. The outstanding balance of the $13,000,000 bonds payable at June 30, 2014 was $2,600,000.

In November, 2007, JDA issued in its name Series 2007 taxable industrial revenue bonds in the amount of $40,000,000. Monies obtained from the bond issuance was used to acquire, construct and equip a manufacturing facility for Fenner-Dunlop Americas, Inc. serving Hart and Franklin Counties, Georgia. The bonds are limited obligation bonds wherein payments of principal and interest are to be made exclusively from lease payments paid by Fenner-Dunlop Americas, Inc. under a capital lease. JDA has no obligation to pay on the Series 2007 bonds, therefore, neither the bond debt nor the capital lease is included in the financial statements of JDA. The bonds mature on November 1, 2019. The outstanding balance of the $40,000,000 bonds payable at June 30, 2014 was unconfirmed.

Notes Payable

On July 18, 2002, JDA borrowed $500,000 on a promissory note from the United States Department of Agriculture to repay debt previously borrowed to finance a portion of the cost of 130 acres of land used in the development of Gateway Industrial Park. According to the terms of the note, one annual payment of $28,150 including interest at 4.75% per annum was due beginning July 18, 2003 and every year thereafter for a term of 40 years. In addition, JDA was required to set aside $2,815 annually in a debt service reserve fund until such balance reached $28,150, where it would remain restricted until the promissory note was paid in full on July 18, 2042. The note was secured by the gross income and revenue to be derived from the operation of Gateway Industrial Park. In May 2014, JDA repaid this note with the proceeds of a new Pinnacle Bank loan as described below and the fully funded debt service reserve amount of $28,150 was released from all restrictions.

In May 2014, JDA borrowed $459,950 from Pinnacle Bank in order to refinance the aforementioned USDA loan to reduce carrying costs on the debt. According to the terms of the note, quarterly payments of $9,922 to include interest at 3.5% per annum are due beginning August 2014 and every quarter thereafter for a term of 15 years, maturing in May 2029. The note is secured by an intergovernmental agreement from Hart County, Georgia wherein the County agrees to fund the payments.

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

BLENDED COMPONENT UNITS (CONTINUED)

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

Notes Payable (Continued)

Noncurrent liability activity for JDA for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
JDA					
Business-type activities:					
USDA note payable	$ 445,299	$ -	$ (445,299)	$ -	$ -
Pinnacle Bank note payable	-	459,950	-	459,950	23,675
Business-type activities noncurrent liabilities	$ 445,299	$ 459,950	$ (445,299)	$ 459,950	$ 23,675

Below is the schedule of future minimum obligated payments:

Fiscal Year	Interest	Principal	Total
2015	$ 16,014	$ 23,675	$ 39,689
2016	15,203	24,486	39,689
2017	14,282	25,407	39,689
2018	13,368	26,321	39,689
2019	12,422	27,267	39,689
2020 - 2024	46,727	151,716	198,443
2025 - 2029	17,363	181,078	198,441
Total	$ 135,379	$ 459,950	$ 595,329
Less: Interest			(135,379)
Present value of minimum payments			$ 459,950

NOTE 9 - NONCURRENT LIABILITIES (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS:

Hart County Health Department

Noncurrent liability activity for the Health Department for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Health Department Business-type activities:					
Compensated absences	$ 45,600	$ 18,223	$ (29,575)	$ 34,248	$ 29,500

The liability for compensated absences will be paid by the Hart County Health Department.

NOTE 10 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

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

NOTE 11 – PENSION PLANS

A. Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with the Deferred Compensation Plan discussed below. The contributions from both plans are invested with Lincoln National Life and ING Insurance Companies and are administered by Mack Poss and Associates, an independent third party. The plans can be amended or removed by a majority vote of the Hart County Board of Commissioners. During the fiscal year ended September 30, 2014, the County contributed $85,908 to the plan, based on covered salaries of $2,863,564. Total payroll was $7,037,281. Plan members made voluntary contributions of $134,757.

B. Deferred Compensation Plan

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

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

(1) Only full time employees are eligible. Full time is defined as working more than thirty hours per week.

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

NOTE 11 – PENSION PLANS (CONTINUED)

Deferred Compensation Plan (Continued)

(3) The plan is structured in the following manner:
   A. Upon completion of one to three years of service, the employer will match 50% of the employee's contribution to a maximum of 3% of the employee's annual salary.
   B. Upon completion of three to five years of service, the employer will match 75% of the employee's contribution to a maximum of 3% of the employee's annual salary.
   C. Upon completion of five or more years of service, the employer will match 100% of the employee's contribution to a maximum of 3% of the employee's annual salary.

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

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

(6) Employees may contribute up to 25% of their annual salary or the maximum allowed by federal law. There are additional catch-up provisions for employees nearing retirement.

(7) Employees will have a choice regarding how their contributions are invested as detailed below:
   A. A fixed account (i.e. annuity) with ING insurance company.
   B. Fixed and variable accounts (i.e. mutual funds) with Lincoln National - the variable accounts are managed by Janis and Fidelity.
   C. Employees may participate in any combination of available funds in 10% increments.

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

NOTE 12 - RISK MANAGEMENT

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

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

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

NOTE 12 - 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 costs taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

Other: In July 2014, the JDA Board approved using the newly unrestricted debt service reserve account balance of $28,000 to enhance the entrance at Gateway Industrial Park.

In September 2013, IBA and JDA entered into an agreement for IBA to purchase 11 acres of land from JDA for $5,000 per acre. This land is intended to be sold at a later date to a prospective industry with financing over a five year period at a 0% interest rate. IBA intends to pay JDA for the land as payments are received from the buyer. As of September 30, 2014, this transaction remains outstanding pending a final resolution from the third party buyer.

As part of the One Georgia Authority Broadband Grant, JDA entered into a capital lease agreement with North Georgia Network Cooperative, Inc. ("NGN") to lease various strands of fiber optic cable to NGN upon completion of the broadband project. The lease is expected to commence in November, 2014. The agreement calls for payments of $100 each year for five years, at which time NGN may purchase the leased fiber cable for the sum of $1.

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

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

Hart County Industrial Business Authority (fiscal year ended December 31, 2013):

Total amount contributed or expended by Hart County on behalf of IBA during the fiscal year ended September 30, 2014	$ 412,687
Plus expenditures to IBA between January 1, 2013 and September 30, 2013	305,810
Less expenditures to IBA between January 1, 2014 and September 30, 2014	(305,872)
Revenue reported by IBA for the fiscal year ended December 31, 2013	$ 412,625

Joint Development Authority of Franklin, Hart & Stephens Counties (fiscal year ended June 30, 2014):

Total amount contributed or expended by Hart County on behalf of JDA during the fiscal year ended September 30, 2014	$ 13,422
Less expenditures to JDA between June 30, 2014 and September 30, 2014	(9,922)
Revenue reported by JDA for the fiscal year ended June 30, 2014	$ 3,500

Hart County Library (fiscal year ended June 30, 2014):

Total amount contributed or expended by Hart County on behalf of the Library during the fiscal year ended September 30, 2014	$ 77,000
Plus expenditures to the Library between June 30, 2013 and September 30, 2013	19,250
Less expenditures to the Library between June 30, 2014 and September 30, 2014	(19,250)
Revenue reported by the Library for the fiscal year ended June 30, 2014	$ 77,000

NOTE 15 - JOINT VENTURES

Hart County participates jointly with Franklin County, Georgia in the Franklin-Hart Airport. Both Hart and Franklin County have agreed to allocate funds as part of their respective budgets toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Hart County contributed $3,500 to the Airport during the year ended September 30, 2014. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

Under Georgia Law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission ("GMRC") and is required to pay annual dues thereto. During the year ended September 30, 2014, the County paid $22,959 in such dues. Membership in a regional commission ("RC") is required by OCGA 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

NOTE 16 - EMPLOYMENT INCENTIVE PROGRAM FUND

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

The following is a reconciliation of the ending EIP fund balance for the year ended September 30, 2014:

EIP Fund #1	$ 25,706
EIP Fund #2	-
EIP Fund #3	31,395
EIP Fund #4	51,849
EIP Fund #5	60,035
EIP Fund #6	-
EIP Fund #7	-
Total EIP Fund fund balance	$ 168,985

NOTE 17 - INTERGOVERNMENTAL AGREEMENTS

The County has an agreement with various municipalities in Hart County relating to their allocation and share of the local option sales tax ("LOST"). For the year ended September 30, 2014, the percentage share of the LOST funds was allocated as follows:

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

NOTE 17 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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

IBA also has a rural economic development loan secured by an intergovernmental agreement from the County through USDA requiring payments of $140,280 per year. The loan funds were used to acquire 133.9 acres of additional property in Gateway Industrial Park. The County provides the funding for these payments to IBA on an annual basis for 40 years beginning October 2013.

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

In November 2012, the Board of Commissioners approved an intergovernmental agreement for HCWSA to borrow $2,221,700 from the Drinking Water State Revolving Fund administered by GEFA to finance the costs of acquiring, constructing and installing additions, extensions, or improvements to the water system in Hart County. The loan was approved in February 2013 and allows for 20% state loan forgiveness. As of September 30, 2014, the amount drawn down is $1,546,761, of which $1,237,409 is reported as a liability and $309,352 for loan forgiveness is reported as grant income. No payments are due as of September 30, 2014. The County has guaranteed the repayment of the loan up to the full $2,221,700 and has agreed to fund the principal portion of the debt payments upon completion of the project.

NOTE 18 – RELATED PARTY TRANSACTIONS

HCWSA has entered into engineering service agreements with Lakeside Engineering & Environmental Services, Inc. which is owned by the director of HCWSA. Amounts paid to Lakeside Engineering & Environmental Services, Inc. during the fiscal year ended September 30, 2014 totaled $53,684.

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

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended September 30, 2014, the County guaranteed new debt for two component units previously reported as discretely presented. Under GASB Statement No. 61, The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34, these guarantees require the County to change its presentation of these component units in the financial statements. As a result, the Joint Development Authority of Franklin, Hart and Stephens Counties and the Hart County Water and Sewer Authority will be presented as blended component units (proprietary funds).

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

As a result of the change in accounting principle, the County has determined that a restatement of beginning net position for the business-type activities, offset by an equal restatement of beginning net position for component units, is necessary to record JDA and HCWSA in accordance with GASB Statement 61, and record a prior period adjustment for the reclassified activity of both component units (as discussed in Note 20).

Business-type activities:		
Net position September 30, 2013, as previously reported	$	2,675,285
Prior period adjustment for JDA activity		4,008,668
Prior period adjustment for HCWSA activity		13,518,404
Net position September 30, 2013, as restated	$	20,202,357
Component units:		
Net position September 30, 2013, as previously reported	$	17,888,265
Prior period adjustment for JDA activity		(4,008,668)
Prior period adjustment for HCWSA activity		(13,518,404)
Net position September 30, 2013, as restated	$	361,193

NOTE 20 - PRIOR PERIOD ADJUSTMENT

JDA: The County has determined that a restatement of beginning net position of the business-type activities is necessary to correctly report the assets and the net effect of revenues and expenses which were not recorded in the prior year in the amount of $4,008,668. JDA was previously reported as a discretely presented component unit. See Note 19 above for overall restatement of net position by opinion unit.

HCWSA: The County has determined that a restatement of beginning net position of the business-type activities is necessary to correctly report the assets and the net effect of revenues and expenses which were not recorded in the prior year in the amount of $13,518,404. HCWSA was previously reported as a discretely presented component unit. See Note 19 above for overall restatement of net position by opinion unit.

NOTE 21 - SUBSEQUENT EVENTS

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

1) In October 2014, the County conveyed the property at Knox Bridge Crossing Road to the Georgia Department of Public Safety for the State Patrol headquarters.

2) In October 2014, the County purchased a used ladder truck for approximately $100,000 from SPLOST 4 funds.

3) In October 2014, the County approved the fiscal year 2015 Georgia Department of Transportation Local Maintenance and Improvement Program activity and in November 2014, approved the specific roads to be submitted.

NOTE 21 - SUBSEQUENT EVENTS (CONTINUED)

4) In December 2014, the County adopted the 2014 Tax Millage Rollback and Rates and added a 0.5 mill EMS Special Tax District levy.

5) In December 2014, the County approved an Intergovernmental Agreement with IBA to reimburse IBA for all amounts paid by IBA under a Consulting Agreement with the economic developer, who was formally an employee of the County.

6) In January 2015, the County approved $216,500 for the football/soccer complex lighting at the recreation department.

7) In November 2014, the County paid off the capital lease for the DFACS building and the County was working to renegotiate the lease agreement with the Georgia Department of Human Resources for the use of the facility.

8) HCWSA:

   a. In February 2013, HCWSA received a $2,221,700 loan from the Georgia Environmental Facilities Authority ("GEFA") to finance the costs of acquiring, constructing and installing additions, extensions, or improvements to the water system in Hart County, including the Airline area water tank/connector project. Management intends the loan payments to be paid from Hart County's Special Purpose Local Option Sales Tax funds. The initial draw on the loan was in February 2014 and the note payable balance as of September 30, 2014 was $1,237,409, representing 80% of the amounts drawn. Subsequent to the date of these financial statements, additional draws in the amount of $224,270 have been received from GEFA, increasing the note payable by $179,416 (80%). Hart County, Georgia has guaranteed repayment of the amounts borrowed.

   b. In October 2013, HCWSA's Board approved extending waterlines into the Bethany Church area, for a maximum cost of $2,000,000 to be financed with a new GEFA loan. In September 2014, GEFA approved the loan with an interest rate of 0.52% per annum over 10 years and will allow for a $500,000 (25%) loan forgiveness at the completion of the project if all funds are expended. Hart County, Georgia has guaranteed repayment of the amounts borrowed.

   c. In November 2014, contracts were awarded to EMI in the amount of $10,000 for application services and $79,400 for engineering services for the Bethany Church area under the new GEFA loan. In January 2015, the Board approved an additional area to receive waterlines under the new GEFA project by awarding an engineering contract to EMI for $166,952 for the Rock Springs area. The combined projects are expected to cost $2,000,000.

   d. Subsequent to September 30, 2014, several ongoing projects were substantially completed including a water line project in the Nancy Hart community of Hart County, Georgia, a water line project in the Airline area of Hart County, Georgia, and the Airline area water tank.

NOTE 21 - SUBSEQUENT EVENTS (CONTINUED)

HCWSA (Continued)

e. In October and November 2014, the Board approved the purchase of land on the Bowersville Highway in the amount of $6,000 and awarded a contract for the fabrication of two booster pump stations in the Airline area to SyncroFlo for $236,280.

f. In October 2014, the Board approved grant writing and engineering contracts to apply for a 2015 CDBG grant. The pre-award public meeting is scheduled for February 2015. This grant will be in the name of Hart County, Georgia.

g. Subsequent to September 30, 2014, HCWSA's Board approved applying for a 2015 Community Development Block Grant from the Georgia Department of Community Affairs. The Board also approved applying for an Immediate Threat and Danger Grant funded under the CDBG program. These grants will be in the name of Hart County, Georgia.

Required Supplementary Information

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014
(Required Supplementary Information)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 7,916,500	$ 7,916,500	$ 8,835,763	$ 919,263
Licenses and permits	56,300	56,300	64,459	8,159
Intergovernmental	288,000	288,000	143,068	(144,932)
Fines and forfeitures	520,000	520,000	490,482	(29,518)
Charges for services	838,900	838,900	1,262,338	423,438
Investment earnings	4,600	4,600	4,290	(310)
Contributions & donations	300	300	(335)	(635)
Miscellaneous	60,900	60,900	140,199	79,299
Total revenues	9,685,500	9,685,500	10,940,264	1,254,764
EXPENDITURES				
Current expenditures				
General government				
General government	98,300	94,600	46,343	(48,257)
Board of registrars	32,357	44,133	41,171	(2,962)
Board of elections	-	15,000	11,351	(3,649)
Elections	20,402	57,051	57,051	-
Professional	120,000	135,208	121,635	(13,573)
Executive	375,067	376,335	374,299	(2,036)
Tax commissioner	310,096	336,914	336,914	-
Tax assessors	423,202	508,687	508,687	-
Risk management	143,000	164,615	164,615	-
Buildings and properties	82,400	135,561	135,561	-
General administration fees	4,204	4,204	4,576	372
Total general government	1,609,028	1,872,308	1,802,203	(70,105)
Judicial				
Superior court	91,361	102,476	102,176	(300)
Clerk of superior court	277,878	277,628	276,658	(970)
Probate court	319,484	344,607	344,607	-
Juvenile court	48,800	50,100	41,333	(8,767)
Grand jury	49,600	49,600	24,165	(25,435)
Public defender	69,873	69,873	68,678	(1,195)
District attorney	31,388	33,635	33,635	-
Magistrate court	178,588	179,538	150,102	(29,436)
Board of equalization	11,159	11,159	4,493	(6,666)
Total judicial	1,078,131	1,118,616	1,045,847	(72,769)
Public Safety				
Sheriff	1,932,863	1,972,756	1,972,756	-
Jail operations	1,124,581	1,237,427	1,237,427	-
Whitworth women's center	30,000	30,000	26,587	(3,413)
Coroner and medical examiner	22,151	22,151	25,683	3,532
Emergency management	30,934	31,093	26,985	(4,108)
Emergency medical service	2,027,194	2,036,225	2,089,457	53,232
Animal control	66,620	76,375	76,375	-
Total public safety	5,234,343	5,406,027	5,455,270	49,243

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HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014
(Required Supplementary Information)

Continued from previous page

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public Works				
Highways & streets	698,191	706,429	706,429	-
Maintenance shop	452,707	483,042	452,768	(30,274)
Solid waste	-	-	(99)	(99)
Total public works	1,150,898	1,189,471	1,159,098	(30,373)
Public Health and Welfare				
Health	76,388	83,578	83,578	-
Welfare	34,000	34,000	34,000	-
Senior citizens center	112,092	112,408	100,309	(12,099)
Transportation services	72,953	72,953	54,596	(18,357)
Total public health and welfare	295,433	302,939	272,483	(30,456)
Recreation and Culture				
Recreation	256,132	246,681	246,681	-
Library administration	77,000	79,265	79,265	-
Total recreation and culture	333,132	325,946	325,946	-
Housing and Development				
Conservation	-	-	-	-
Agricultural resources	75,832	76,148	70,061	(6,087)
Economic development & assistance	237,775	238,091	226,532	(11,559)
Airport authority	3,500	3,500	3,500	-
Community action programs	100	100	100	-
Adult basic education	12,750	12,750	12,750	-
Total housing and development	329,957	330,589	312,943	(17,646)
Total expenditures	10,030,922	10,545,896	10,373,790	(172,106)
Excess (deficiency) of revenues over (under) expenditures	(345,422)	(860,396)	566,474	1,426,870
Other financing sources (uses)				
Carryover of funds	345,422	860,396	-	(860,396)
Transfers out	-	-	(15,101)	(15,101)
Transfer in	-	-	-	-
Total other financing sources (uses)	345,422	860,396	(15,101)	(875,497)
Net change in fund balance	-	-	551,373	551,373
Fund balance, beginning of year	-	-	5,190,366	5,190,366
Prior Period Adjustment	-	-	(1,049,646)	(1,049,646)
Fund balance, end of year	$ -	$ -	$ 4,692,093	$ 4,692,093

HART COUNTY, GEORGIA
INSURANCE PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014
(Required Supplementary Information)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 850,000	$ 850,000	$ 909,704	$ 59,704
Intergovernmental	-	-	-	-
Investment earnings	1,000	1,000	1,104	104
Total revenues	851,000	851,000	910,808	59,808
EXPENDITURES				
Current				
General government	43,839	49,529	49,529	-
Public safety	385,473	490,662	490,662	-
Public works	595,633	578,965	578,965	-
Total expenditures	1,024,945	1,119,156	1,119,156	-
Excess (deficiency) of revenues over (under) expenditures	(173,945)	(268,156)	(208,348)	59,808
Other financing sources (uses)				
Transfers in (out) - General Fund	173,945	268,156	-	(268,156)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(208,348)	(208,348)
Fund balances, beginning of year	-	-	624,961	624,961
Fund balances, end of year	$ -	$ -	$ 416,613	$ 416,613

HART COUNTY, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014
(Required Supplementary Information)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,308,943	$ 1,308,943	$ 1,176,997	$ (131,946)
Investment earnings	-	-	-	-
Total revenues	1,308,943	1,308,943	1,176,997	(131,946)
EXPENDITURES				
Public safety	-	-	6,011	6,011
Public works	250,000	250,000	170,285	(79,715)
Recreation and culture	107,000	107,000	2,500	(104,500)
Capital outlay	-	-	1,453,426	1,453,426
Total expenditures	357,000	357,000	1,632,222	1,275,222
Excess (deficiency) of revenues over (under) expenditures	951,943	951,943	(455,225)	(1,407,168)
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	15,101	15,101
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	951,943	951,943	(440,124)	(1,392,067)
Fund balances, beginning of year	-	-	452,725	452,725
Fund balances, end of year	$ 951,943	$ 951,943	$ 12,601	$ (939,342)

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2014

NOTE 1 - BUDGETARY INFORMATION

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

During the fiscal year ended September 30 2014, the only department in the General Fund with expenditures materially in excess of the amounts appropriated was the Emergency Medical Service department. Excess expenditures were funded by under-expenditures in other departments and by the General Fund unrestricted fund balances. No expenditures in the Insurance Premium Tax Fund or the Multiple Grant Fund were materially in excess of the amounts appropriated. Excesses are considered to be material if they are both greater than $10,000 and over 3.0% of the department level budget (the legal level of control).

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

Supplementary Information

Combining and Individual Nonmajor Fund Financial Statements and Budgetary Schedules

Nonmajor Governmental Funds
Combining Statements

HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	Capital Projects Fund	Special Revenue Funds							
	SPLOST #2	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
ASSETS									
Cash and cash equivalents	$ 261,973	$ 2,688	$ 9,096	$ 118,311	$ 1,192	$ 44,777	$ 12,864	$ 79,244	$ 530,145
Receivables (net of allowance for uncollectibles)	-	14,149	377	60,900	1,926	-	-	1,078,132	1,155,484
Due from other funds	-	-	-	11,004	-	-	-	-	11,004
Prepaid items	-	-	-	15,850	-	-	-	-	15,850
Total assets	$ 261,973	$ 16,837	$ 9,473	$ 206,065	$ 3,118	$ 44,777	$ 12,864	$ 1,157,376	$ 1,712,483
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ -	$ -	$ 6,716	$ -	$ 85	$ -	$ -	$ 6,801
Other accrued items	-	-	-	-	-	-	-	-	-
Due to other funds	-	9,149	-	-	-	-	-	-	9,149
Total liabilities	-	9,149	-	6,716	-	85	-	-	15,950
Fund balances									
Nonspendable	-	-	-	15,850	-	-	-	-	15,850
Restricted	261,973	7,688	9,473	183,499	3,118	44,692	12,864	1,157,376	1,680,683
Total fund balances	261,973	7,688	9,473	199,349	3,118	44,692	12,864	1,157,376	1,696,533
Total liabilities and fund balances	$ 261,973	$ 16,837	$ 9,473	$ 206,065	$ 3,118	$ 44,777	$ 12,864	$ 1,157,376	$ 1,712,483

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	Capital Projects Fund	Special Revenue Funds							
	SPLOST #2	DFACS Building	Drug Abuse Treatment and Education	E911	Jail	Behavioral Health Escrow	Law Library	Health Care Services	TOTAL
REVENUES									
Intergovernmental	-	-	-	-	-	-	-	$ 1,157,374	1,157,374
Charges for services	-	169,789	-	428,444	-	6,000	-	4,100	608,333
Fines and forfeitures	-	-	18,841	-	29,950	-	6,357	-	55,148
Investment earnings	328	-	-	188	1	5	-	2	524
Total revenues	328	169,789	18,841	428,632	29,951	6,005	6,357	1,161,476	1,821,379
EXPENDITURES									
Current									
Judicial	-	-	-	-	-	-	6,062	-	6,062
Public safety	-	-	-	499,634	30,439	-	-	-	530,073
Public works	2,000	-	-	-	-	-	-	-	2,000
Health and welfare	-	4,677	13,916	-	-	-	-	4,100	22,693
Housing and development	-	-	-	-	-	9,506	-	-	9,506
Intergovernmental	-	-	-	-	-	-	-	-	-
Debt service									-
Principal	-	157,582	-	-	-	-	-	-	157,582
Interest and paying agent fees	-	5,995	-	-	-	-	-	-	5,995
Total expenditures	2,000	168,254	13,916	499,634	30,439	9,506	6,062	4,100	733,911
Excess (deficiency) of revenues over (under) expenditures	(1,672)	1,535	4,925	(71,002)	(488)	(3,501)	295	1,157,376	1,087,468
Fund balances, beginning of year	263,645	6,153	4,548	270,351	3,606	48,193	12,569	-	609,065
Fund balances, end of year	$ 261,973	$ 7,688	$ 9,473	$ 199,349	$ 3,118	$ 44,692	$ 12,864	$ 1,157,376	$ 1,696,533

Special Revenue Funds

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

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

Major Funds:

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

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

Nonmajor Funds:

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

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

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

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

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

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

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

HART COUNTY, GEORGIA
DFACS BUILDING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 169,789	$ 169,789	$ 169,789	$ -
Total revenues	169,789	169,789	169,789	-
EXPENDITURES				
Current				
Health and welfare	6,800	6,800	4,677	(2,123)
Debt service				
Principal	150,000	150,000	157,582	7,582
Interest and paying agent fees	13,000	13,000	5,995	(7,005)
Total expenditures	169,800	169,800	168,254	(1,546)
Excess (deficiency) of revenues over (under) expenditures	(11)	(11)	1,535	1,546
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(11)	(11)	1,535	1,546
Fund balances, beginning of year	-	-	6,153	6,153
Fund balances, end of year	$ (11)	$ (11)	$ 7,688	$ 7,699

HART COUNTY, GEORGIA
DRUG ABUSE TREATMENT AND EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 6,000	$ 6,000	$ 18,841	$ 12,841
Investment earnings	-	-	-	-
Total revenues	6,000	6,000	18,841	12,841
EXPENDITURES				
Current				
Health and welfare	1,000	13,916	13,916	-
Total expenditures	1,000	13,916	13,916	-
Excess (deficiency) of revenues over (under) expenditures	5,000	(7,916)	4,925	12,841
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	5,000	(7,916)	4,925	12,841
Fund balances, beginning of year	-	-	4,548	4,548
Fund balances, end of year	$ 5,000	$ (7,916)	$ 9,473	$ 17,389

HART COUNTY, GEORGIA
E911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 383,400	$ 383,400	$ 428,444	$ 45,044
Investment earnings	-	-	188	188
Total revenues	383,400	383,400	428,632	45,232
EXPENDITURES				
Current				
Public safety	493,819	499,634	499,634	-
Total expenditures	493,819	499,634	499,634	-
Excess (deficiency) of revenues over (under) expenditures	(110,419)	(116,234)	(71,002)	45,232
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(110,419)	(116,234)	(71,002)	45,232
Fund balances, beginning of year	-	-	270,351	270,351
Fund balances, end of year	$ (110,419)	$ (116,234)	$ 199,349	$ 315,583

HART COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 20,500	$ 20,500	$ 29,950	$ 9,450
Investment earnings	-	-	1	1
Total revenues	20,500	20,500	29,951	9,451
EXPENDITURES				
Current				
Public safety	23,000	30,439	30,439	-
Total expenditures	23,000	30,439	30,439	-
Excess (deficiency) of revenues over (under) expenditures	(2,500)	(9,939)	(488)	9,451
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,500)	(9,939)	(488)	9,451
Fund balances, beginning of year	-	-	3,606	3,606
Fund balances, end of year	$ (2,500)	$ (9,939)	$ 3,118	$ 13,057

HART COUNTY, GEORGIA
BEHAVIORAL HEALTH ESCROW SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 6,000	$ 6,000	$ 6,000	$ -
Investment earnings	20	20	5	(15)
Total revenues	6,020	6,020	6,005	(15)
EXPENDITURES				
Current				
Housing and development	2,000	9,506	9,506	-
Total expenditures	2,000	9,506	9,506	-
Excess (deficiency) of revenues over (under) expenditures	4,020	(3,486)	(3,501)	(15)
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,020	(3,486)	(3,501)	(15)
Fund balances, beginning of year	-	-	48,193	48,193
Fund balances, end of year	$ 4,020	$ (3,486)	$ 44,692	$ 48,178

HART COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ -	$ -	$ 6,357	$ 6,357
Investment earnings	-	-	-	-
Total revenues	-	-	6,357	6,357
EXPENDITURES				
Current				
Public safety	-	-	6,062	6,062
Total expenditures	-	-	6,062	6,062
Excess (deficiency) of revenues over (under) expenditures	-	-	295	295
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	295	295
Fund balances, beginning of year	-	-	12,569	12,569
Fund balances, end of year	$ -	$ -	$ 12,864	$ 12,864

HART COUNTY, GEORGIA
HEALTH SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 1,157,374	$ 1,157,374
Charges for services	-	-	4,100	4,100
Investment earnings	-	-	2	2
Total revenues	-	-	1,161,476	1,161,476
EXPENDITURES				
Current				
Health and Welfare	-	4,100	4,100	-
Total expenditures	-	4,100	4,100	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,100)	1,157,376	1,161,476
Other financing sources (uses)				
Transfers in (out) - General Fund	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(4,100)	1,157,376	1,161,476
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ (4,100)	$ 1,157,376	$ 1,161,476

Agency Funds

Combining Statements

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

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2014

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash	$ 225,463	$ 277,116	$ 29,732	$ 19,488	$ 45,944	$ 597,743
Taxes receivable	2,264,722	-	-	-	-	2,264,722
Total assets	$ 2,490,185	$ 277,116	$ 29,732	$ 19,488	$ 45,944	$ 2,862,465
LIABILITIES						
Due to others	$ 2,490,185	$ 277,116	$ 29,732	$ 19,488	$ 45,944	$ 2,862,465

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended September 30, 2014

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, beginning	$ 393,205	$ 260,682	$ 48,998	$ 16,060	$ 47,199	$ 766,144
Additions	28,166,588	680,906	449,956	183,162	172,864	29,653,476
Deductions	(28,334,330)	(664,472)	(469,222)	(179,734)	(174,119)	(29,821,877)
Cash, ending	225,463	277,116	29,732	19,488	45,944	597,743
Taxes receivable, beginning	3,655,774	-	-	-	-	3,655,774
Additions	18,308,723	-	-	-	-	18,308,723
Deductions	(19,699,775)	-	-	-	-	(19,699,775)
Taxes receivable, ending	2,264,722	-	-	-	-	2,264,722
Total assets	$ 2,490,185	$ 277,116	$ 29,732	$ 19,488	$ 45,944	$ 2,862,465
LIABILITIES						
Due to others, beginning	$ 4,048,979	$ 260,682	$ 48,998	$ 16,060	$ 47,199	$ 4,421,918
Additions	28,166,588	680,906	449,956	183,162	172,864	29,653,476
Deductions	(29,725,382)	(664,472)	(469,222)	(179,734)	(174,119)	(31,212,929)
Due to others, ending	2,490,185	277,116	29,732	19,488	45,944	2,862,465
Total liabilities	$ 2,490,185	$ 277,116	$ 29,732	$ 19,488	$ 45,944	$ 2,862,465

Supplemental Schedules

This section contains schedules required by the state of Georgia.

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #2)
For the Year Ended September 30, 2014

Project	Estimated Cost		Expenditures			Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year	Total	
Roads, streets and bridges	$ 4,500,000	$ 4,500,000	$ 5,743,298	$ 2,000	$ 5,745,298	100.00%
Water system and capital outlay	3,300,000	3,300,000	3,038,693	-	3,038,693	92.08%
Industrial development capital outlay	1,860,000	1,860,000	2,271,546	-	2,271,546	100.00%
County library/literacy center capital outlay	300,000	300,000	320,998	-	320,998	100.00%
Fire protection equipment	1,020,000	1,020,000	1,140,776	-	1,140,776	100.00%
Recreational facilities	1,020,000	1,020,000	1,020,200	-	1,020,200	100.00%
Total	$ 12,000,000	$ 12,000,000	$ 13,535,511	$ 2,000	$ 13,537,511	

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

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

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

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #3)
For the Year Ended September 30, 2014

Project	Estimated Cost		Expenditures			Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year	Total	
Roads, streets and bridges	$ 4,036,600	$ 4,036,600	$ 6,643,951	$ -	$ 6,643,951	100.00%
Water system capital outlay	3,200,000	3,200,000	3,090,490	109,511	3,200,001	100.00%
Industrial development capital outlay	3,200,000	3,200,000	2,240,284	961,413	3,201,697	100.00%
Capital outlay projects for the City of Royston	99,000	99,000	97,621	1,379	99,000	100.00%
Capital outlay projects for the Town of Bowersville	83,000	83,000	92,130	-	92,130	100.00%
Capital outlay projects for the Town of Canon	15,000	15,000	15,000	-	15,000	100.00%
Sewer improvements for the City of Hartwell	2,246,400	2,246,400	2,628,523	-	2,628,523	100.00%
Fire protection equipment	1,360,000	1,360,000	1,360,000	-	1,360,000	100.00%
Recreational facilities	1,360,000	1,360,000	1,192,949	130,877	1,323,826	97.34%
Total	$ 15,600,000	$ 15,600,000	$ 17,360,948	$1,203,180	$ 18,564,128	
Adjustment for transfer from SPLOST 4 (see Note D)				(354,000)	(354,000)	
Adjusted Total				$ 849,180	$ 18,210,128	

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

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

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

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

Note D: The current years' expenditures have been reduced by $354,000 for roads, streets, and bridges as the result of a transfer from Special Purpose Local Option Sales Tax #4 due to previous years overspending in Special Purpose Local Option Sales Tax #3 related to a decline in projected revenues.

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #4)
For the Year Ended September 30, 2014

Project	Estimated Cost		Expenditures			Estimated Percentage of Completion
	Original	Current	Prior Years	Current Year	Total	
Roads, streets and bridges	$ 3,994,880	$ 3,994,880	$ 354,021	$1,391,903	$ 1,745,924	43.70%
Water system capital outlay	3,200,000	3,200,000	3,743	753,835	757,578	23.67%
Industrial development capital outlay	3,200,000	3,200,000	58	433,662	433,720	13.55%
Capital outlay projects for the City of Royston	358,400	358,400	8,869	116,239	125,108	34.91%
Capital outlay projects for the Town of Bowersville	185,600	185,600	18,580	81,420	100,000	53.88%
Capital outlay projects for the Town of Canon	37,120	37,120	-	-	-	0.00%
Capital outlay projects for the City of Hartwell	2,304,000	2,304,000	518,585	414,495	933,080	40.50%
Fire protection equipment	1,360,000	1,360,000	125,578	305,269	430,847	31.68%
Recreational facilities	1,360,000	1,360,000	2,882	-	2,882	0.21%
Total	$ 16,000,000	$ 16,000,000	$ 1,032,316	$3,496,823	$ 4,529,139	

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

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

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

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

Note D: The current years' expenditures for roads, streets, and bridges have been increased by $354,000 as the result of a transfer to Special Purpose Local Option Sales Tax #3 due to previous years overspending in Special Purpose Local Option Sales Tax #3 related to a decline in projected

Compliance and Single Audit Section

This section contains compliance reports and schedules required by *OMB Circular A-133* and *Government Auditing Standards*.

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February 23, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Hart County, Georgia's basic financial statements and have issued our report thereon dated February 23, 2015. We did not audit the financial statements of the Hart County Health Department, a component unit of Hart County, Georgia. Those financial statements were audited by another auditor whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Hart County Health Department, is based on the reports of the other auditor.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding #2014-002 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding #2014-001 to be significant deficiencies.

Compliance and Other Matters

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

We noted certain other matters involving the internal control over financial reporting that we have reported to the management of Hart County, Georgia in a separate letter dated February 23, 2015.

Hart County, Georgia's Response to Findings

Hart County, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hart County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Burch, Crooms & Company, LLP

BURCH, CROOMS & COMPANY, LLP
Certified Public Accountants

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February 23, 2015

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Hart County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on Hart County, Georgia's major federal programs for the year ended September 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hart County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 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 we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hart County, Georgia's compliance.

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of the American Institute of Certified Public Accountants

Basis for Qualified Opinion on CFDA #23.002 Appalachian Regional Commission Local Access Road Project

As described in the accompanying Schedule of Findings and Questioned Costs, Hart County, Georgia did not comply with the requirements regarding CFDA #23.002 Appalachian Regional Commission Local Access Road Project as described in Finding #2014-004 for special tests and provisions and Finding #2014-005 for matching. Compliance with such requirements is necessary, in our opinion, for Hart County, Georgia to comply with the requirements applicable to that program.

Qualified Opinion on CFDA #23.002 Appalachian Regional Commission Local Access Road Project

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Hart County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA #23.002 Appalachian Regional Commission Local Access Road Project for the year ended September 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Hart County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding #2014-003. Our opinion on each major federal program is not modified with respect to this matter.

Hart County, Georgia's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hart County, Georgia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Hart County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hart County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, we do not express an opinion on the effectiveness of Hart County, Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding #2014-004 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding #2014-003 and Finding #2014-005 to be significant deficiencies.

Hart County, Georgia's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hart County, Georgia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Burch, Crooms & Company, LLP

HART COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense			
Passed-through the Georgia Office of the State Treasurer (GA OST)			
Payments to States in Lieu of Real Estate Taxes	12.112	8590-14917	$ 21,947
Total passed-through GA OST			21,947
Total U.S. Department of Defense			21,947
U.S. Department of Housing and Urban Development			
Passed-through the Georgia Department of Community Affairs (GA DCA)			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	13p-y-073-1-5549	500,000
Total CDBG - State Administered CDBG Cluster			500,000
Total passed-through the GA DCA			500,000
Total U.S. Department of Housing and Urban Development			500,000
U.S. Department of the Interior			
Direct Programs			
Payments in Lieu of Taxes (PILT)	15.226	Hart County, Georgia	51,686
Total U.S. Department of the Interior			51,686
U.S. Department of Justice			
Direct Programs			
Bulletproof Vest Partnership	16.607	Hart County, Georgia	6,011
Total U.S. Department of Justice			6,011
U.S. Department of Transportation			
Passed-through the Georgia Department of Transportation (GA DOT)			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	0011655	170,285
Total Highway Planning and Construction Cluster			170,285
Formula Grants for Other Than Urbanized Areas	20.509	GA-18-4028	15,259
Formula Grants for Other Than Urbanized Areas	20.509	GA-18-X033	6,482
Total CFDA 20.509			21,741
Total passed-through the GA DOT			192,026
Passed-through the Governor's Office of Highway Safety (GOHS)			
State and Community Highway Safety	20.600	GA-2014-000-00439	7,998
Total passed-through the GOHS			7,998
Total Highway Safety Cluster			7,998
Total U.S. Department of Transportation			200,024

See accompanying notes to the schedule of expenditures of federal awards.

HART COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Appalachian Regional Commission			
Passed-through the Georgia Department of Transportation (GA DOT)			
Appalachian Regional Commission Local Access Road Project	23.002	CSAPD-0009-00 (324)	493,485
Total passed-through the GA DOT			493,485
Total Appalachian Regional Commission			493,485
U.S. Department of Health and Human Services			
Passed-through The Legacy Link, Inc.			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Hart - TIII C1	14,731
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Hart - TIII C2	20,497
Total CFDA 93.045			35,228
Nutritional Services Incentive Program	93.053	Hart - NSIP	3,018
Total Aging Cluster			38,246
Social Services Block Grant	93.667	Hart - SSBG	(189)
Total passed-through The Legacy Link, Inc.			38,057
Total U.S. Department of Health and Human Services			38,057
U.S. Department of Homeland Security			
Passed-through the Georgia Emergency Management Agency (GEMA)			
Emergency Management Performance Grants	97.042	OEM14-075	7,564
Total CFDA 97.042			7,564
Total passed-through GEMA			7,564
Total U.S. Department of Homeland Security			7,564
Total Expenditures of Federal Awards			$ 1,318,774

See accompanying notes to the schedule of expenditures of federal awards.

HART COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") is a summary of the expenditures relating to Hart County, Georgia's (the "County") federal award programs. The County's reporting entity is defined in Note 1 to the County's basic financial statements. The SEFA includes all federal award programs administered by the primary government and includes awards received directly from federal agencies as well as federal awards passed through other governmental agencies. The SEFA does not include the federal activity of the Hart County Industrial Building Authority ("IBA") or the Hart County Water and Sewer Authority ("HCWSA"), blended component units of the County. IBA and HCWSA are subject to separate audits in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

(B) Basis of Presentation

The SEFA presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance ("CFDA"). Pass-through entity identifying numbers are presented where available.

(C) Basis of Accounting

The information in the SEFA is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Expenditures are reported on the accrual basis of accounting based on accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles outlined in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor.

(D) Relationship to the Basic Financial Statements

The amounts reported in the SEFA agree, in all material respects, to amounts reported within the County's basic financial statements, excluding amounts reported by blended component units. Because the schedule presents only a selected portion of the operations of the County, it is not intended to, and does not, present the net position, change in net position, or cash flows of the County.

(E) Federal Loans Outstanding

As of September 30, 2014, the County, excluding blended component units, has no outstanding federal loan balances that are subject to the continuing compliance requirements of OMB Circular A-133, therefore no federal loan balances are included in the SEFA.

(F) Negative Amount

The negative amount on the SEFA indicates an immaterial amount required to be repaid in the current year due to a prior year overfunded claim.

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	X Yes	No
Significant deficiencies identified that are not considered material weaknesses?	X Yes	none reported
Noncompliance material to financial statements noted?	Yes	X No

Federal Awards

Internal control over major federal programs:		
Material weaknesses identified?	X Yes	No
Significant deficiencies identified that are not considered material weaknesses?	X Yes	none reported
Type of auditor's report issued on compliance for major programs:	Qualified opinion on CFDA #23.002 Unmodified opinion on CFDA #14.228	
Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133:	X Yes	No

Identification of major federal programs for the year:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grant - State's Programs and Non-Entitlement Grants in Hawaii
23.002	Appalachian Regional Commission Local Access Road Project

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000	
Does the auditee qualify as a low risk auditee under Section 530 of OMB Circular A-133?	Yes	X No

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2014-001

Significant deficiency in internal control over financial reporting

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and for the preparation of the County's financial statements. This situation is common for governments of similar size and structure to Hart County. Under current accounting standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the County Clerk or Assistant Clerk is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Questioned costs: No questioned costs noted.

Cause: The County has a limited number of personnel for certain functions.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Corrective action plan: Management concurs with this finding. The Board of Commissioners and management have determined that personnel should receive training to the extent that it is economically feasible and to continue to rely on the technical assistance of the external auditors or other qualified professionals when necessary.

Contact person: Betty Floyd, Assistant County Clerk

Finding 2014-002

Material weakness in internal control over financial reporting

Condition: During the year ended September 30, 2014, the County wrote off $2,126,651 in uncollectible EMS receivables dating back for several years, resulting in a prior period adjustment of $1,049,646.

Criteria: Effective internal control requires that the County develop and follow procedures to adjust receivables to net realizable value on a periodic basis.

Effect: Failure to reduce receivables to net realizable value results in an overstatement of assets and revenues.

Questioned costs: No questioned costs noted.

Cause: The County was unaware that the statute of limitations had run on the older accounts, rendering them uncollectible.

Recommendation: County management should review all outstanding receivables and write off uncollectible amounts at least annually. Management may also want to consider enhanced collection efforts in order to reduce the uncollectible amounts in the future.

Corrective action plan: The County has implemented a more aggressive collections process and intends to annually write off uncollectible EMS fees that have reached their statute of limitations.

Contact person: Betty Floyd, Assistant County Clerk

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-003

Significant deficiency in internal control over monitoring requirements

Agency:	U.S. Department of Housing and Urban Development (Passed-through the Georgia Department of Transportation)
CFDA #:	23.002
Program:	Appalachian Regional Commission Local Access Road Project
Award period:	FY2014

Condition: The County was not aware of numerous immaterial instances of noncompliance related to grant administration activities performed by a third party grant consultant hired to perform these activities.

Criteria: OMB Circular A-133 and effective internal controls require management to monitor the compliance activities performed by others on their behalf.

Effect: A lack of communication between the County and the third party grant consultant resulted in the County being unaware of numerous immaterial instances of noncompliance with reporting requirements, Davis-Bacon requirements, and special tests and provisions in order to be able to correct the noncompliance in a timely manner. Noncompliance could delay or negatively impact the County's eligibility for future federal and state grant funds or require a repayment or reduction in amounts previously awarded.

Questioned costs: No questioned costs noted.

Cause: The County's procedures in place to monitor the compliance activities that were to be performed by its third party grant consultant were not effective in making the County aware of compliance issues the consultant was having with the contractor.

Context: Of the nine reports submitted for Disadvantaged Business Enterprise ("DBE") activity, four were submitted late (ranging from 5 to 66 days late). Of the four late reports, only one (10 days late) shows any DBE payments, so we consider this to be immaterial noncompliance. Of the four subcontractors required to file Davis-Bacon certified payroll reports, one subcontractor failed to indicate on the final report that it was final. In addition, one subcontractor failed to file a report for a week in which there was no work.

Recommendation: We recommend management implement stronger procedures to monitor grant compliance activities performed by third parties.

Corrective action plan: The County did not have sufficient internal resources to manage the compliance requirements of this award and relied on third party consultants to perform these services. In the future, the County intends to require all grant consultants to provide a monthly status report listing any instances of noncompliance to allow the County the opportunity to correct any issues.

Contact person: Betty Floyd, Assistant County Clerk

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2014-004

Material weakness in internal control over special tests and provisions requirements
Noncompliance with special tests and provisions requirements

Agency:	U.S. Department of Housing and Urban Development (Passed-through the Georgia Department of Transportation)
CFDA #:	23.002
Program:	Appalachian Regional Commission Local Access Road Project
Award period:	FY2014

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

Criteria: The Georgia Department of Transportation requires the prime contractor to expend a minimum of 10% of the total contract amount for subcontract work paid to DBEs under the terms of this major program.

Effect: Failure to reach DBE requirements set by the grantor or obtain a waiver for good faith effort could delay or negatively impact the County's eligibility for future federal and state grant funds or require a repayment or reduction in amounts previously awarded.

Questioned costs: $48,522

Cause: The DBE amount was based primarily on erosion control services to be provided by an approved DBE contractor over a projected six month construction period. The actual construction only ended up taking six weeks, so the erosion costs were significantly less. The prime contractor then subcontracted out work to other DBE contractors, but failed to submit the contractors for preapproval to the Georgia Department of Transportation.

Context: The grant agreement requires $89,888 (10%) of the original construction contract ($898,878) be paid to DBEs. The full amount was awarded to three DBEs. Substantial completion of the project was reached in July 2014. As of October 2014, only $41,368 (4.6%) was paid to the three DBEs.

Recommendation: We recommend management request reimbursement of federal funds only in proportion to DBE fulfillment unless written documentation from the grantor allows otherwise.

Corrective action plan: The County has reached out to the Georgia Department of Transportation and intends to comply with their proposal on how to rectify this situation. In the future, the County will only request reimbursement of costs in proportion to the percentage of DBE satisfied.

Contact person: Betty Floyd, Assistant County Clerk

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2014-005

Internal control deficiency over matching requirements
Noncompliance with matching requirements

Agency:	U.S. Department of Housing and Urban Development (Passed-through the Georgia Department of Transportation)
CFDA #:	23.002
Program:	Appalachian Regional Commission Local Access Road Project
Award period:	FY2014

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

Criteria: The Georgia Department of Transportation requires the County to expend a minimum of $398,150 for post-award construction costs using local funds in order to receive the federal grant amount of $493,485 under the terms of this major program.

Effect: Failure to reach matching requirements set by the grantor could delay or negatively impact the County's eligibility for future federal and state grant funds or require a repayment or reduction in amounts previously awarded.

Questioned costs: No questioned costs > $10,000 noted.

Cause: The third party grant consultant thought this award had a 30% match requirement. In addition to relying on the grant consultant's opinion, there was some further confusion as to the calculation of the match requirement due to the six year delay in finalizing this grant. Management had initially applied for a 50% match requirement of the total award, but the final agreement was for a reduced local match of 45%, but restricted it to only post-award construction costs, resulting in the same amount of matching requirement, but allowing fewer types of costs to count toward the match.

Context: Of the required $398,150 in local matching funds for construction costs, the County has incurred $392,626, leaving a shortage of $5,524.

Recommendation: The County's procedures for tracking matching expenditures appear to be working as intended, and this incident appears to be an anomaly resulting from confusion over the requirements of this particular grant. We recommend management continue to utilize their current processes. It is our understanding future expenditures that will qualify as matching funds under this grant are forthcoming, so the County will have fulfilled the matching requirements.

Corrective action plan: The County expects to have met the match once the project is closed out.

Contact person: Betty Floyd, Assistant County Clerk

HART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2013-002

Federal Program CFDA # 14.228
Community Development Block Grant - State's Programs and Non-Entitlement Grants in Hawaii

Status: The County was not in compliance with the Single Audit reporting requirements for FY2011. They were not made aware of this noncompliance until FY2013. As of September 30, 2013, the FY2011 Single Audit was in process. The County developed a tracking system to accumulate costs related to federal awards and track responsibilities for compliance requirements related to all future grants. This system was in effect for FY2014. The completed FY2011 Single Audit was accepted by the Georgia Department of Community Affairs in January 2014 and the County was removed from the listing of noncompliant local governments. This finding was not repeated in the current year.