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All Things Governmental (an FYI newsletter)

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USDA Rural Development Drops Rates

The USDA Rural Development has announced that beginning October 1, 2009 Interest rates have dropped for rural Georgia towns and governments that apply for loans from USDA Rural Development for water and sewer projects.

The rates charged are based on the median household income (MHI) of the area compared to the non-metropolitan MHI for Georgia of \$44,159, and are split into three categories; Market Rate, Intermediate Rate and Poverty Rate.

Market Rate – For applicants in communities with a MHI greater than \$44,159 the market rate has decreased from 4.375% to 4.250%.

Intermediate Rate – For applicants in communities with a MHI less than \$44,159 the intermediate rate has decreased from 3.500% to 3.375%.

Poverty Rate – For applicants in communities with a MHI less than \$35,327 and also existing health or sanitation issues for which the proposed project would alleviate the rate has decreased from 2.625% to 2.500%.



Funds are available for land acquisition and construction projects, associated legal and engineering fees, capitalized interest, equipment, initial operation and maintenance costs, project contingencies, and any other cost

deemed by Rural Development to be necessary for the completion of the project.

In addition, the funds are available to rural communities and small incorporated towns and cities not larger than 10,000 in population and the proposed projects must be primarily for the benefit of the rural users.

For more information please visit www.rurdev.usda.gov/ga

Economic Development Through Public-Private Partnerships (PPP)

There is no single, widely-accepted definition of the term “public-private partnership” (PPP). PPP’s are generally described as an arrangement between a government and a private sector entity to deliver a governmental asset (normally infrastructure or a public facility) and in many cases the associated public service. Therefore, PPPs form an alternative to the traditional procurement process employed by governmental entities in that it allocates the risk associated with the service to the government and the private sector entity.

Allocation of risks can lead to complex issues as they relate to the accounting and financial reporting for the property associated with PPP arrangements as well as their use, control over and the governmental accountability for infrastructure assets and the services they provide. Governments and government finance officers need to understand the different risks and rewards associated with various public-private partnership endeavors. However, PPPs may be beneficial from a governmental entity’s point of view for the following reasons:

- Provides for leverage of existing infrastructure and public facility assets by generating available resources through private sector entity payments for their right to operate such assets.
- Used to facilitate construction of necessary new infrastructure and public facility assets with the ability to transfer risks associated

with their construction and maintenance to a private entity.

- Used to provide services to the government’s constituencies through what is intended to be a more efficient and cost-effective means.

Governmental entities should fully understand the PPPs transaction risks and benefits for both parties as well as assess their ability to fulfill their obligations. A full understanding between both parties should also be agreed upon as to how future conflicts and uncertainties will be resolved.



PPPs can encompass many different types of projects. The following are a few examples:

- Development projects/commercial facilities
- Parking facilities
- Convention centers
- Entertainment complexes
- Housing projects
- Neighborhood development projects
- Manufacturing facilities
- Office buildings
- Industrial parks
- Warehouses
- Airport improvements

The Government Finance Officers Association (GFOA) recommends that finance officers achieve a full understanding of the available options and prepare a comprehensive examination of issues before, during and after the project is determined to be viable and prudent. A great deal of due diligence must be completed prior to entering into a contract, since these decisions may have significant and long-lasting ramifications. The following recommended actions should be taken:

- Researching of private partners and their business and market.
- Researching the type of transactions being considered.
- Consulting with appropriate professionals about applicable federal and state tax laws.

- Understanding obtained regarding the rights and obligations of each party.
- Setting standards for public financial commitments.
- Evaluating and disclosing the financial and non-financial impacts of the proposals on the public entity.
- On-going monitoring of the agreement.

The finance officer of any governmental entity involved in a PPP should ensure full disclosure and make recommendations that the government's participation in the venture does not bring excessive and unbalanced risk to the public and assist in ensuring the PPP venture is beneficial to the public as well as the private partners.

E-Verify / SAVE



The Georgia Security and Immigration Compliance Act (SB 529) requires among other provisions that public employers and contractors with the State must verify the status of newly hired employees. Effective July 1, 2009, all Georgia state employers, contractors and subcontractors are required to E-Verify the status of newly hired employees. This completes the third and final step in implementing the use of E-Verify for employment eligibility verifica-

tion. In addition, Georgia Governor Sonny Perdue signed into law House Bill 2 (HB2), an addendum to SB 529, which went into effect on January 1, 2010. The new provisions include:

1. Public employers, contractors and subcontractors will be required to post their federally issued E-Verify user identification number and date of authorization to use E-Verify on their website.

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Our involvement with the community, our personal touch, and our passion for excellence are important aspects of our firm as we strive to help our clients succeed. Our focus is and always has been on the success and potential of our clients and team. Our success is dependent on us applying a high level of technical skills combined with industry knowledge, and a sincere commitment to personal relationships.



Our firm takes all appropriate measures to ensure compliance with all areas of governmental accounting, auditing and consulting through our training and development of our team involved in our governmental practice. Our firm has a long history of audit excellence achieved in our audits of governmental entities through our responsiveness, our knowledgeable team and our timely approach to the services we provide. We pledge to continue that same commitment to governmental entities in the future.

Our experienced, knowledgeable team is ready and waiting to provide you with incomparable personalized service, whether you need it on a temporary or ongoing basis.

To effectively manage financial affairs, you need three things: extensive knowledge, meticulous organization, and constant vigilance. Hilliard & Milton, LLC provides all that and more, thanks to

a complete range of consulting and advisory services to help you sort through the complexities of today's financial reporting.

Our governmental services include:

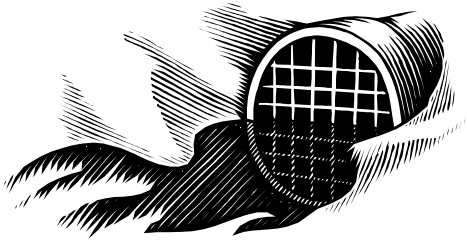
- Financial audits, compilations and reviews
- Internal control reviews/recommended practices
- Policy and procedure development
- Single audits
- Financial statement preparation
- Corrective Action Plans
- Rpt of Local Government Finances preparation
- Grant Certification compliance
- Bond issuance services and compliance
- Audits of SPLOST revenues and expenditures
- Agreed-upon procedures
- Operational reviews and consulting
- Direct or Indirect Cost Allocation Plans
- Budgetary analysis and preparation
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- Financial forecasting services
- Computer software and systems
- Financial planning and cash flow management
- Risk assessments
- Education and training

We view our relationships with our clients as ongoing partnerships, and we pledge to provide you with quality, up-to-date service and advice, whatever your entity's needs. We can specifically tailor our services to meet the individual needs of your entity.

State Facilities Exempt From Local Stormwater Regulations

Georgia state agencies and authorities are not subject to local government ordinances regulating post-development stormwater run-off. This was the official

opinion of Attorney General



Thurbert Baker dated July 9, 2009. The opinion was issued at the request of former DOT Commissioner Gena Evans. The request was made in connection with Douglasville-Douglas County Water and Sewer Authority's attempt to enforce a stop work order on a DOT contractor performing work on a site.

The opinion further states that the state and its departments, agencies, and authorities, including the Georgia Department of Transportation and its construction projects, are not subject to the "post-development stormwater runoff" regulations or other ordinances adopted by a local government, local authority, or regional authority as general powers which are granted to a local government do not apply to the state or its departments, agencies, and instrumentalities so as not to unduly impede on the functions of government. However, regulatory oversight is provided by the Environmental Protection Division,

Georgia Department of Natural Resources with limited delegation of its enforcement powers to qualified counties and municipalities. Local officials who have concerns relating to a DOT project are urged to contact and express those concerns with the Environmental Protection Division.

In order to help pay costs related to managing stormwater pollution, many local government stormwater ordinances contain utility fees. Once concern is that with the exemption of state facilities from complying with these fees, higher costs would be shifted onto businesses and residents of the local communities.

"Local governments are mandated by the Clean Water Act and by the State of Georgia to manage stormwater run-off pollution," said GMA Executive Director Jim Higdon, "Unfortunately, allowing state government facilities an exemption from local stormwater ordinances will undermine local governments' efforts to provide their citizens clean drinking water, and streams which are swimmable and fishable."





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To provide accounting, consulting, tax and attest services that distinguish us from our competition through our commitment to excellence as consistently reflected in timely personal attention to the well-being of our clients, respect for our clients and uncompromising integrity in client relations throughout every aspect of our practice.

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www.hilliardmilton.com/governmental.htm

E-Verify / SAVE

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2. Public officials will be required to verify that those who receive public benefits are in the U.S. legally, using the Systematic Alien Verification for Entitlements (SAVE) database; and

3. Georgia jails must make broader efforts to determine if a prisoner is legally present in the country.

HB 2 provides that any failure of state agencies and local governments to comply with state mandates to utilize the federal E-verify and SAVE programs (which

require verification of legal status of employees and public benefit recipients respectively) may be considered in the state appropriations process. There is however, tremendous uncertainty as to what services or programs offered by city governments qualify as public benefits under federal law, thus making compliance with SAVE extremely complicated. The bill provides that the state Attorney General will supply a list of public benefits requiring verification but also lists a number of undefined, vague terms as public benefits. HB 2 was signed by the Governor on May 12, 2009.

